

# DOING BUSINESS IN POLAND

Country Commercial Guide 2006



*Prepared by*

**U.S. Commercial Service  
and U.S. Embassy Warsaw**  
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# Chapter 1: Doing Business In Poland

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## Market Overview

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Poland's entry into the European Union in 2004 has fostered economic growth, and a stable commercial environment in its drive to modernize its economy and globalize its commercial activities. With 38.2 million people, Poland is the sixth largest EU country.

Poland's 2004 GDP totalled \$244 billion, with per capita GDP of \$6,381. Inflation is low, at roughly 3.5% while unemployment is currently at 18.7%, one of the highest in the EU.

Following growth of 5.4% in 2004, Poland's economy is estimated to have grown at a rate of 3.5% in 2005 fueled by increased domestic consumption and investments, with exports increasing but at a slower pace than the 22% rate of increase in 2004.

Increased levels of industrial cooperation between the United States and Poland in defense industries, including aviation and high technology have followed on Lockheed-Martin's successful 2003 bid to build 48 F-16 fighter jets for Poland. Delivery is scheduled to commence in 2007.

The U.S. has roughly 3% of Poland's import market, selling \$930 million worth of products and services in 2004. However, volume is expected to increase steadily due to a depreciated U.S. Dollar increased domestic demand and a continued overall affinity for U.S. products.

The U.S. is the third largest foreign direct investor in Poland, with nearly 13% of FDI, and over \$10 billion invested since 1990. Poland's primary trade partners are the countries of the EU 15, which supply 62% of Poland's imports, purchase 69% of its exports and provide 74% of its foreign direct investment.

Poland continues to benefit from close ties to the U.S. due to its leadership role in NATO expansion and international security cooperation.

## Market Challenges

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Recognizing the need for administrative reform of its regulatory system, the Polish government instituted a series of initiatives in 2004 to ease the regulatory burden on the private sector, especially for small firms. Due to recent changes, Poland has one of the lowest corporate income tax rates in the region with a rate of 19%.

Although it has made significant progress in transforming itself into a private-sector-led market economy, the Polish government still controls roughly one-third of the economy. Many of the larger companies remaining in state hands include financially troubled enterprises in the coal, steel, defense production and rail transport sectors. Significant re-structuring is needed before buyers can be found for these firms.

Poland's transportation system is underdeveloped. Given access to EU Structural Funds, the network is expected to improve over the next 10-15 years, however, much of the planned upgrades remain in the early design phase. Although adequate, the country's air and seaports are in need of expansion and modernization in order to facilitate continued growth.

Although purchasing capacity is expected to increase in pace with overall economic growth, Polish consumers are still limited in this regard with to average monthly wages of \$740.

### **Market Opportunities**

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While the U.S. share of Poland's import market is only 3%, U.S. exporters have found considerable success targeting competitive niches, using effective market entry strategies and diligently following up with marketing and sales support. Top sectors include transportation equipment, defense and security equipment, environmental services and equipment, IT and telecom services and equipment, tourism services and niche consumer goods.

With wage rates among the lowest in the EU, excellent location and a sizeable market, Poland will continue to attract substantial new private investment over the next several years, and to show sustained growth in consumer spending. Poland has become an attractive location for investment by U.S. firms in the areas of business and financial services, automobiles and parts, electronics, household goods and consumer products.

### **Market Entry Strategy**

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The Polish market is characterized by wide population dispersion with 25% living in rural areas and urban dwellers spread among a number of population centers including Warsaw and Lodz in the center of the country, Krakow in the south, Wroclaw and Poznan in the west, Gdansk and Szczecin in the north and Lublin in the southeast. Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with the customer is critical and final purchasing decisions typically require a face-to-face meeting. Success in this market typically requires an in-country presence such as an agent, distributor or representative office.

Communication in Polish is recommended in order to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively

well developed and email communications and website offerings are an increasingly effective means of reaching local buyers.

Pricing is the most critical factor in positioning a product or service for sale in Poland. Access to capital is difficult for most Polish firms and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/p/eur/ci/pl/>

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### Using an Agent or Distributor

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Polish companies tend to act more as distributors (importing, taking possession of, and reselling goods) rather than as agents. Expensive equipment is an exception to this, since many Polish companies do not have the financial capability to make such purchases. Also, heavy industrial equipment tends to be sold directly to end-users due to the inability of most distributors to purchase the equipment prior to re-selling it.

There are no laws imposing rules specifically for Polish importers. Distributor and agent agreements may take any form which may be mutually beneficial to the parties involved.

It is best to find a distributor who is experienced, knowledgeable, and well-connected to existing distribution channels for the product. Polish companies tend to be younger and less experienced than their western counterparts. In most cases, product and marketing training must be provided to new distributors.

### Establishing an Office

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The choice of business entity that U.S. companies choose to establish is often determined by the scope of activities that the company plans to undertake in Poland. If a U.S. company only plans to sell its products and services in Poland through its own office, it usually establishes a representative office. If a U.S. company plans to invest in Poland, there are different legal forms available to carry out business activity. The

following are the forms of entities used by investors and information on establishing a representative office:

- (1) Limited Partnership
- (2) Limited Joint-Stock Partnership
- (3) Limited Liability Companies (Sp. z o.o)
- (4) Joint Stock Companies (S.A.)
- (5) Representative Office
- (6) Branch Office

Detailed information on forms of doing business in Poland can be found at:

<http://paiz.gov.pl/index/?id=e2c420d928d4bf8ce0ff2ec19b371514>

or

<http://www.kpmg.pl/dbfetch/52616e646f6d4956cc0b2f3ff91a2e268b5bd60f122a2f70/ in vestment in poland 2004 final.pdf>

Modern telephones, copy machines, faxes, computers and office amenities are easily available and can be leased from a number of reputable Polish and western firms. The secretarial labor pool is reasonably abundant and English speaking secretaries with good secretarial skills are becoming easier to find as are employees with western management and accounting experience. There are many executive search firms that offer assistance in finding appropriate staff.

## Franchising

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At the end of 2005, over 200 franchise systems operated in Poland (an increase of 20% over 2004) represented by 12,000 franchise outlets that employ over 130,000 people. Although the franchising sector is steadily growing in Poland, a major growth is reported within a local franchise networks.

The majority of foreign franchise systems come from the EU (61.9%), while the largest foreign networks come from the U.S., France, and Germany. Others include Italy, Spain and Great Britain where the franchising sector is well developed. Poland's recent accession to the EU, in May 2004, is expected to increase the interest of European franchisers in entering the Polish market.

Popular U.S. franchises were the first to arrive and helped introduce the concept in Poland. Their success has promoted the franchising model in Poland. For example, McDonald's, the first franchiser to Poland, established its first operation in Poland in 1992 and has become the most popular fast-food chain. Currently there are 207 McDonalds restaurants in Poland; 165 are owned by McDonalds and 41 are subfranchised. AmRest does not franchise operations. It develops network through a company-owned reaturants. Pizza Hut and Kentucky Fried Chicken restaurant chains are managed in Poland by American Restaurants Sp.z o.o. (AmRest). AmRest currently operates over 150 units in Poland and the Czech Republic and employs over 5000 people. The company manages 126 restaurants in Poland, including 73 KFC restaurants and 44 Pizza Hut restaurants. Other exemplary U.S. fast growing franchise networks include: The Athlete's Foot (TAF), Kodak Express, Coca Cola Services, T.G.I. Friday, Blimpie, Sbarro, Midas, Collagena, Subway, Levi's Strauss, Budget Rent-a-Car,

Futurekids, and Lee Cooper. The latest U.S. franchise system that entered the Polish market is MBE Mail Boxes ETC and New Horizons Computer Learning Centers.

The largest foreign franchisers (except American) active in Poland are: TelePizza, Pizza Express, Pizza Pai, Tivoli (fast food), Adidas (sportswear and equipment), Intersport (sportswear and equipment), Aral (oil stations), Agfa (photo laboratories), Whittard (tea-shops), Spar (food supermarkets), Yver Rocher (perfumeries and beauty salons), Petit Bateau (children clothes retail network), MEXX, Tally Weijl, Max Mara, Olsen (apparel), Jean Louis David, Jean Algue Paris, Camille Albane (hairstyling salons), Jean-Claude Biguine (hair and beauty salons), Costcutter (food shops), EE English First (language schools), HDS (stationery), Cyberland (internet clubs), Mamuska-The Cheesecake Shop, Denmer's Teahouse, Grupa Muszkieterow (Intermarche and Bricomarche), Ann Rent a Car Poland, Yamaha Szkoła Muzyczna (music schools), Ritz Collection (jewelry retail chain) and Mobil' Affiche Polska (mobile advertising).

Local Polish franchise firms began operating in 1991-1992, simultaneously with large western franchisers entering the Polish market. Among the earliest Polish franchisors were A.Blikle (luxury cake-shops-since 1991) and Pozegnanie z Afryka ("Out of Africa" gourmet coffee shops-since 1992). They were followed by American-style Chicken, Bawimordka, Lesne Runo (fast-food), A.D. Dragowski (real estate offices), Gabriel (hair and beauty salons, Drogerie Natura (drugstores), Saloniki Prasowe (owned by Kolporter – press distribution), U Szewczyka (footwear retail chain), Debica Dekart (tire sales and replacement), Laboratorium Kosmetyczna DR Irena Eris (beauty salons & retail), Orbis Travel (tourist services), YES Bizuteria (jewelry), Zielona Budka (ice-cream shops), Chata Polska, Sklepy Familijne, Groszek, Piotr I Pawel, (food stores) and CCC (footwear retail chain).

Financing is the most critical element for successful entry and penetration by U.S. franchisors. Although it has generally been difficult for foreign companies to locate Polish investors capable of becoming master franchisees, the number of local candidates interested in becoming master franchisees is on the rise.

There are no Polish Laws or regulations that specifically address franchising. Franchising is subject to general commercial law where the contract between the two parties is the sole legal platform for the franchise agreement. The contract typically assigns rights and limitations related to intellectual property and trademark protection.

The best franchise concept prospects are in retail trade (apparel and food), services (hair style and beauty salons, automotive, commercial cleaning, laundry and dry-cleaning), telecommunication, education, and inexpensive fast-food chains.

## **Direct Marketing**

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Direct marketing has been operating in Poland for almost 15 years. During this time, the concept and practice of DM has gone from being a virtually unknown activity to a more widely recognized means of marketing – gaining popular acceptance among consumers (corporate and individual).

A demand for new concepts and existing DM expansion in Poland is directly related to very active companies and aggressive advertising campaigns supported their expansions. The utilization of DM in business is steadily growing from 71% in 2001, 75% in 2002, and 81% in 2003 up to 90% in 2004.

The most popular DM tools in Poland are: addressed mail (70%), e-mail (59%), distribution via own website (51%), press response ads (38%), telemarketing (38%), online advertising (34%), catalog sales (24%), press inserts (20%), radio and DR Radio (19%), non-addressed mail (17%), TV and DR TV (13%), face-to face contacts (7%), text messaging SMS (7%), conferences/trainings/ exhibitions/samplings (5%), brochures/fliers (2%), and posters/billboards (1%).

The best DM prospects include the following tools: Internet (e-commerce, advertisements), mobile phones, catalog sales, and DRTV (Direct Response TV).

There are no Polish Laws or regulations that specifically address DM. In general, Polish law is compatible to law regulations applied to DM activities throughout the EU. For companies operating in the DM sector, laws to consider are the Law of Personal Data Protection (introduced in August 29, 1997) and Law of Protection of Consumer Rights, especially regulations referring to “distance sale” (introduced in March 2, 2000). Polish protection of personal data is very rigorous, however recently it has been interpreted in a less strict way. Also there are some limitations on using electronic means of communications (such as e-mail and SMS).

The SMB Direct Marketing Association, established in 1995, has been actively involved in introducing regulations and principles for DM in Poland. SMB promotes development of direct marketing according to existing law and professional ethics. SMB also participates in legislative procedures on legal acts concerning direct marketing. In 1996, SMB introduced the Code of Ethics and Robinson List. The main aims of ethical code are: protection of privacy and consumer rights, protection of SMB members' interest against companies that breach the law or good commercial practice, promoting the highest quality of activities of SMB members and promoting credibility of SMB members. The Robinson List introduced a system of consumer privacy protection and protection against receiving unwanted promotional materials. SMB members are required to respect the Robinson List. SMB is a member of FEDMA (European Federation of Direct Marketing) and IFDMA (International Federation of Direct Marketing).

## **Joint Ventures/Licencing**

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Joint ventures as a form of business are abundant in Poland. Many U.S. businesses in Poland take the form of joint ventures, with Polish companies set up to handle sales in the market. Joint ventures are an excellent way to facilitate export sales to the Polish market.

Most joint ventures are established with the American partner contributing needed capital and technology. The Polish partner typically contributes land, distribution channels, trained workers, access to the Polish market and introductions within the local government and business community that could take years to develop for an American company on their own. More and more, American firms participating in joint ventures

are asked to provide marketing, training, and promotional support to their Polish partners.

Licensing of products, technology, technical data, and services has been less common in Poland, due to concerns about intellectual property protection. Now that Poland has joined the EU and has taken major steps in the areas of intellectual property rights and copyright legislation, more U.S. firms are expected to license their products here. Licensing is particularly prevalent in the industrial manufacturing, consumer goods, and textile sectors.

## **Selling to the Government**

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Poland's public procurement law, in effect since January 1995 (January 1996 for local government entities), applies to most acquisitions of goods, services, or construction by nearly all government agencies, including local governments, foundations, associations, and cooperatives. Procurements by the Ministry of Defense are also included, but are subject to special rules. Procurements by state-owned enterprises are excluded from the law.

All tenders for products or services in amounts above 30,000 EUR must be officially announced to the public. Tenders for lower amounts can be announced locally in the local press or through local media.

The Polish procurement law provides for domestic preferences. Bids submitted by Polish firms are lowered (only for the purpose of the evaluation of the tender) by 20%. Tenders are evaluated by assigning an appropriate number of points to various parts of the offer by each bidder. When a project is actually executed by a Polish company, the price paid by the public entity is what the Polish bidder quoted. This 20% "rule" applies only to bids in which a minimum of 50% of the content of the project originates in Poland.

Unlimited tendering is the preferred method, and other procedures are restricted. Tender documents must contain specifications, selection criteria and terms and conditions for the contract. The deadline for the submission of bids must be at least six weeks from the announcement of a tender. Bids are opened publicly. Participation in tenders is open to all those who are legally, technically, and financially able to perform the contract (including foreign companies).

Information on the Office of Public Procurement, public procurement regulations and public tenders (also in English) is available via the internet: <http://www.uzp.gov.pl>

The U.S. Commercial Service strongly urges U.S. firms bidding on Polish government tenders to utilize the Department of Commerce's advocacy and counseling services to avoid common pitfalls in this complex process.

### (1) Regional Nature of Market and Review of Major Regions

Opportunities for doing business in Poland are, like the population, dispersed throughout the country. Twenty-five percent of the population resides in rural areas, and urban dwellers are widely spread among a number of population centers.

The largest Polish cities include:

CITY	POPULATION
Warsaw	1,694,800
Lodz	770,700
Krakow	757,000
Wroclaw	636,900
Poznan	570,000
Gdansk	458,800
Szczecin	411,600
Bydgoszcz	367,300
Lublin	355,000

### (2) Industrial Goods Distribution

Imports of equipment and technology have remained steady as Polish industry modernizes and restructures to compete with the West. However, some industries in Poland rely mostly on imports. Poles are familiar with the technical parameters of U.S. products, even prior to the actual introduction of those products in the marketplace. This reflects the fact that serious Polish importers do their homework.

Industrial distributors may therefore be part of a network that developed from former foreign trade organizations (that handled imports during the Communist period), or may be individuals with significant connections to their industry (frequently former employees of the large foreign trade firms). As industries and companies continue to privatize in Poland, distribution networks are expanding in scope and complexity.

Many distributors of industrial equipment are very specialized and have very specific technical expertise. Because of this, some are better able to represent foreign manufacturers on a national level than most consumer goods distributors. However, exporters should be aware that large industrial enterprises when looking for heavy machinery would rather have direct contact with manufacturers.

As with the consumer goods sector, importers and other companies that represent foreign companies are becoming more sophisticated and selective. The number and variety of imported goods available on the Polish market play an important role here as well. Polish agents or distributors increasingly look to foreign partners to provide marketing and promotional support, training and financing. Polish trade fairs, which have become more and more specific in scope, are a good place to look for possible distributors.

Also, it is advisable to consider having one exclusive distributor. Potential channel partners in this sector tend to prefer exclusive arrangements because often they bear the marketing costs of new products and do not want potential competitors to reap the benefits of their promotional activities.

## **Selling Factors/Techniques**

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As discussed earlier, the Polish market is in most cases regional, and this description applies to selling as well. Because unemployment is significantly lower in the cities, urban dwellers generally have more purchasing power than inhabitants of rural areas. The countryside is dotted with single-factory (or formerly single-factory) towns, many of which suffer from high unemployment.

Letters, faxes, Internet web sites and packages of product literature will serve to introduce a product or service to a Polish company. Communication in Polish is recommended if the seller would like to receive a speedy reply. U.S. companies should ensure that translations from English into Polish are performed only by professional translators who are fluent in modern business Polish and grammar.

A Polish customer generally will not consider making a final purchase until he or she has met with someone face to face to discuss the product. However, the Internet is a valuable selling tool and many Polish companies have begun to conduct business on the Internet. As noted above, American companies that are little known outside of the U.S. may need to make a significant effort (often marketing, training, or other promotional activities) to convince their prospective Polish customer of their credibility. Product demonstrations are effective, as Poles tend to be skeptical about claims until they are proven. Sponsored visits to the U.S. company's headquarters or manufacturing plant frequently helps to convince Polish buyers to purchase a U.S. product.

The decision making process, especially in large companies or government agencies, can be painfully slow, as every person or section involved in a decision usually must sign off before a decision is made. It usually takes several meetings, and many rounds of negotiations before a deal is closed. This means that success in Poland is difficult without an in-country presence, whether an agent, distributor, or representative office.

Polish customers will want to discuss the technical parameters of the product, explain their needs, and negotiate the price. In addition, the product may not be sold at the first meeting, as the customer will want some time to consider the points discussed and to arrange financing. Initial orders are frequently small due to limited amounts of working capital and high rates of interest on credit. Follow-on sales often grow rapidly once effectiveness and profitability are established.

American exporters should be aware of the Polish customer's main problem: access to capital. Most Polish firms are still too small to consider going public or to issue commercial paper. Therefore, most business activities, including payment for imports, are still self-financed. American companies that can arrange for affordable financing for their Polish customers will have an edge over their competitors. The U.S. Export-Import

Bank (Ex-Im Bank) offers a credit insurance program that can help small and medium size U.S. firms in this regard.

Polish customers, if seriously interested in a product, will travel great distances across Poland in order to meet with a U.S. representative who may be visiting Warsaw. If a prospective customer shows continued effort and interest in dialogue, the potential for a sale is good, even if the time leading up to conclusion of a contract seems long by U.S. norms. If the proposal is well thought out, the pricing is flexible (or assistance with financing is offered) and promotion, servicing and customer support are part of the package, chances are good that a sale will ultimately be completed. Doing business in Poland is built upon personal relationships and trust. U.S. companies have an advantage in Poland, as the U.S., its people, and its products are held in high regard.

## **Electronic Commerce**

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There are no significant barriers to electronic commerce activities in Poland, although American companies have to consider strict requirements of the data protection regulations and tax issues. Polish regulations in these areas match those in other European Union countries. Comprehensive e-signature regulations that came into force in August 2002 (Law of September 18, 2001) were expected to create an e-commerce boom. The use of qualified signatures is still very limited due to complicated procedures and high prices. Standard e-signature and a variety of other security measures are commonly used in business transactions, including e-banking applications.

The electronic commerce market has doubled in value over the last several years, reaching a value of \$2.6 billion but is still in an early stage of development. Foreign investments in this area are limited. The situation is expected to change with the E-Bay and Google market entry in 2005.

There are 9.5 million internet users in Poland, accounting for 27% of the population. Approximately 26% households have internet access. 42,3% of Poles claim to have purchased on-line and there are approximately 330 e-shops operating in Poland. Approximately 90% of transactions are generated by 10 large e-shops and services, mainly bookstores (example: <http://www.merlin.pl/>), airlines and tourist services (example: <http://www.travelplanet.pl/>) and consumer electronic stores. B2C e-commerce is driven mainly by the young generation aware of the advantages offered by the internet, such as budget airline fares.

Most of the B2B e-commerce is transacted through the Warsaw Commodity Exchange platform (<http://www.wgt.com.pl/>), a horizontal platform operated by Otwarty Rynek Elektroniczny (<http://www.marketplanet.pl/>), a subsidiary of Telekomunikacja Polska S.A., Xtrade platform (<http://www.xtrade.pl/>) and Ce-Market (<http://www.ce-market.com/>). Approximately 90% of businesses have internet access but less than 10% make e-purchases or sales.

Trade fair activities in Poland grew rapidly at the beginning of the last decade, from a single major event (the annual June Poznan International Fair) to a full year's schedule of industry and product specific events in major cities around the country. Some fairs are still proving their worth while others have lost popularity in recent years and are no longer attracting key Polish and international businesses. Direct U.S. company presence at trade fairs in Poland is minimal, but some U.S. firms exhibit through their European or Polish distributors. U.S. firms exhibiting in larger western European trade fairs, particularly those in the Commercial Service's Showcase Europe program will encounter Polish buyers at those events. The U.S. Commercial Service in Warsaw can help find distributors interested in representing U.S. products at Polish fairs.

Advertising in Poland is considered important, not only in the consumer product field but also in developing a company image for all types of goods. Television, which reaches virtually every home in Poland via local channels or satellite, is believed to be the most effective advertising medium in Poland. Products advertised through television commercials show the greatest sales growth among all advertised products. The bulk of advertising revenues go to television. The price of television spots on top rated shows has grown dramatically in the last few years as demand has soared. Radio is another means of advertising with more than 200 local radio stations as well as two national networks in operation.

There is a ban on cigarette and alcohol (including beer and wine) advertising for broadcasters and on alcohol ads for display and print media. There is also a ban on pharmaceutical advertising, except for over-the-counter drugs and in professional publications.

Print media advertising is sophisticated, and the print media market itself has grown to include a full range of publications. Major newspapers circulate throughout Poland and reach every corner of the country. In addition, special interest magazines, business journals, niche publications, and specialized newspapers have proliferated. Newsweek Polska, a division of Newsweek, celebrated its fourth anniversary this year (2005) and the Polish edition of Forbes magazine was launched in January 2005. Classified advertising is very well developed and effective. Most U.S. companies find print media to be a highly effective means of reaching customers and candidates for jobs.

Major daily newspapers include Rzeczpospolita, Gazeta Wyborcza, Zycie, Trybuna, Super Express, Fakt and Nasz Dziennik. Major daily business journals include Gazeta Prawna, Parkiet - Gazeta Gielady, Puls Biznesu and Agora's new daily, Nowy Dzien. Business News Poland is a weekly business journal printed by Boss Economic Information. Polish edition of Business Week is published on a monthly basis. There are also two English language weeklies that cater mainly to foreigners in Poland, the Warsaw Business Journal and the Warsaw Voice. Major international, as well as local, advertising and public relations agencies abound in Poland. Advertising and promotional service agencies include McCann-Erickson, Leo Burnett Group, Ogilvy Group, Saatchi & Saatchi, Publicis, Gray Worldwide, Lowe GGK, Upstairs Young & Rubicam, J. Walter Thompson/Parintex, Euro RSCG, NoS/BBDO, Scholz & Friends, TBWA. For further contact information on these journals and firms please contact the U.S. Commercial Service in Warsaw at [Warsaw.Office.Box@mail.doc.gov](mailto:Warsaw.Office.Box@mail.doc.gov), at telephone

number (48) 22 625-4374 or fax number (48) 22 621-6327.

## **Pricing**

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Pricing is key to the sale of U.S. products in Poland. Working capital is limited in Poland, even among the larger, more successful Polish companies. Polish businesses generally spend money wisely, after thoughtful and sometimes lengthy consideration. The most commonly expressed reason for failed sales efforts according to potential Polish clients continues to be that “the price is too high.” Pricing of U.S. made products is complicated by the addition of customs duties, Value Added Tax (VAT), and, in some cases, excise tax, all of which may elevate the final retail price of a product dramatically. Flexibility in pricing is the key, and initial market penetration to gain product knowledge among Polish consumers is the goal. Successful U.S. exporters work together with their Polish representatives to keep costs, particularly import costs, as low as possible. For example, some companies ship products unassembled to help reduce import duties. The Polish market for all kinds of products is large and expanding, but increasingly competitive. U.S. companies that approach the market with a long-term view of creating market share for their products will reap rewards.

## **Sales Service/Customer Support**

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After price, service is second on the list of the Polish customer's concerns. A manufacturer in the United States is seen by the Polish distributor and customer alike as being very far away from a product exported to Poland. A potential customer may shy away from U.S. products because he/she fears ineffective service, simply due to distance, for example if the product requires repair or servicing.

Shipping a product back to the United States for repair or service, even if paid for by the U.S. company, is generally not a preferred option for Polish customers. Sending spare parts to Poland is easy to do. Some firms provide service for their exports to Poland through European representatives or firms licensed to repair their products. Even then, some distributors worry that they may not get adequate support.

The ideal method is to provide service and customer support through a trained Polish representative or U.S. affiliate company. The local technical support teams are a part of the U.S. company's image on the Polish market. Their effective, fast and reliable service reflects on the U.S. manufacturers' success in Poland. Therefore U.S. manufacturers should be ready to provide full assistance to their service personnel in Poland.

U.S. manufacturers with major export accounts in Poland may wish to periodically send a service representative to Poland to work with the local representative and visit customers.

## Protecting Your Intellectual Property

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In early 2000 Poland passed major new legislation governing intellectual property rights, bringing Poland into compliance with its obligations under the WTO TRIPS Agreement and to the EU. Amendments to the 1994 Copyright Law extended coverage to pre-1974 sound recordings, removing a major shortcoming in Polish law. The new Industrial Property Law replaced existing legislation governing patents, trademarks and other industrial property. Piracy of intellectual property remains a significant problem. In addition, the length of protection afforded to proprietary research test data submitted by pharmaceutical companies remains below U.S. or EU standards. Polish authorities have made moderate progress in recent years, however much remains to be done to protect IPR, and Poland has been placed on the USTR "Watch List" due to several shortcomings. Improved penal provisions in the new legislation should help, as will on-going judicial reform. In July 2003, the Polish Government announced a new strategy to improve copyright and patent enforcement, which has begun to address many of Poland's major shortcomings.

## Due Diligence

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The U.S. Commercial Service in Warsaw can provide U.S. companies with affordable, fast background checks on Polish business organizations through our *[International Company Profile Service](#)*. For more information on this service, please click on the following link: [http://www.buyusa.gov/poland/en/international\\_company\\_profile.html](http://www.buyusa.gov/poland/en/international_company_profile.html) or contact the U.S. Commercial Service in Warsaw at [Warsaw.Office.Box@mail.doc.gov](mailto:Warsaw.Office.Box@mail.doc.gov), at telephone number (48) 22 625-4374 or fax number (48) 22 621-6327.

## Local Professional Services

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The legal environment in Poland continues to evolve at a rapid pace. In general, Polish law firms follow changes closely. Thus, American companies doing business in Poland are strongly urged to maintain legal representation. This is particularly essential when bidding on a major project, forming a joint venture, or untangling a trade dispute. Most major law firms in Poland provide business counseling in addition to legal advice. Some are experienced in helping their contacts find Polish business partners, investments or projects to pursue.

U.S. accounting and consulting firms in Poland can also offer legal advice and business counseling. Most of the major international accounting firms have operations in Poland that focus on business formation, tax matters, and employee benefits. Many are also involved in the privatization process in Poland, including advising the Polish government. All can offer practical business counseling and assistance in establishing a representative office or incorporating a business in Poland.

A U.S. exporter new to the Polish market may not initially need specialized legal, accounting, or consulting advice as it pursues potential partners. It can, however, take

comfort in knowing that expert advice is abundant and available in Poland through the offices of major U.S. and Polish law and consulting firms when problems arise.

Click on the link below to explore our on-line database of businesses providing professional services to U.S. exporters and investors.

<http://www.buyusa.gov/poland/en/bsp.html>

## **Web Resources**

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Detailed information on forms of doing business in Poland:

<http://paiz.gov.pl/index/?id=e2c420d928d4bf8ce0ff2ec19b371514>

or

[http://www.kpmg.pl/dbfetch/52616e646f6d4956cc0b2f3ff91a2e268b5bd60f122a2f70/\\_investment\\_in\\_poland\\_2004\\_final.pdf](http://www.kpmg.pl/dbfetch/52616e646f6d4956cc0b2f3ff91a2e268b5bd60f122a2f70/_investment_in_poland_2004_final.pdf)

Information on the Office of Public Procurement, public procurement regulations and public tenders (also in English):

<http://www.uzp.gov.pl>

On-line database of businesses providing professional services to U.S. exporters and investors:

<http://www.buyusa.gov/poland/en/bsp.html>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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## (Automobile Parts & Components)

### Overview

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	2003	2004	2005(estimated)
Total Market Size	2958	3758	3900
Total Local Production	3500	4200	4500
Total Exports	2157	3053	3800
Total Imports	1615	2611	3200
Imports from the U.S.	14.9	25.9	30.0

In USD million

Exchange rates:

2003 – 3.9 PLN/1\$

2004 – 3.6 PLN/1\$

2005 – 3.2 PLN/1\$ (estimated)

SOURCES:

Chief Statistical Office of Poland (GUS) - Yearbook 2003, 2004, First Half of 2005

The figures shown in the table were collected by Poland's Chief Statistical Office --GUS (note: there is a substantial difference between these figures and U.S. statistics on exports to Poland. GUS information may not be complete and their tables do not offer comprehensive information on this industry sector).

The market for automobile parts and components has grown significantly over the past several years. This trend will continue as the number of cars registered in Poland grows. Investments by some of the world's major car manufacturers (Fiat, General Motors-Opel, Volkswagen) have significantly expanded the market for car parts. American automobile parts and accessories enjoy an excellent reputation for reliability and quality in Poland.

There are over eleven million passenger cars registered in Poland. This number is likely to grow to 15 million by 2010. After several years of significant annual growth in sales of cars in the 1990's (reaching 640,000 in 1999), the industry has been experiencing a decline. In 2003 sales of new cars reached 358,400, while imports of used cars reached 35,700. After Poland's accession to the EU on May 1, 2004 imports of used cars increased significantly, reaching almost 1 million cars with an average age of 8 years. At the same time sales of new cars in 2004 reached 316,013. The number of cars produced in Poland in 2003 totaled 333,725 while in 2004 the number reached 482,014 vehicles. Fiat is the biggest producer (57.9% of the market), followed by GM-Opel (22%) and Volkswagen (11%). 80% of the cars produced in Poland are exported. The market for automotive parts has not suffered from the same decline as with new car sales in recent years. In fact, the growing number of used cars imported into Poland has led to an increased need for car parts/maintenance products -- which have almost doubled in the last two years.

Experts estimate that the Polish car market is capable of absorbing some 500,000-600,000 passenger cars annually. More than half of the cars registered in Poland rolled-off assembly lines more than six years ago. This translates into significant market potential for replacement parts over the next five to seven years.

Poles buy much smaller cars than Americans do and tend to keep them much longer. Unlike in the U.S., cars in Poland are almost exclusively equipped with manual gearboxes and diesel fuel engines are popular to a much greater degree. Poland has also attracted significant foreign capital investing in car parts production in Poland (Delphi, Dana, Gates, Suzuki, Goodyear, Michelin and others).

After Poland's accession to the EU on May 1, 2004 the duty for cars and car parts went down adopting the EU external tariff. This should result in an increased imports from the USA.

The new regulations introduced in the EU called "Block Exemption" (or in German GVO) which concern the sales of new cars, service, and sales of car parts were expected to lower the prices of aftermarket parts and service. Poland fully adopted these regulations on November 1, 2004.

### **Best Products/Services**

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Aftermarket parts  
Service Station equipment

### **Opportunities**

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This sector has already attracted U.S. investors, who are very active in the auto parts industry in Poland. They include: Delphi, TRW, Gates, Lear, Eaton, Dana, Federal Mogul, Tenneco, Visteon and others. These companies cooperate with local car manufacturers as well as export.

### **Resources**

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Major Internet Resources:

Ministry of Economy

Web site: <http://www.mg.gov.pl/>

American Chamber of Commerce in Poland

Web site: <http://www.amcham.com.pl/>

Ministry of Transport and Construction

Web site: <http://www.mtib.gov.pl>

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## (Defense)

### Overview

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	2003	2004	2005	2006 (estimates)
Total Market Size	3.9	4.4	5.4	5.6
Total Local Production	1.9	1.98	1.95	N/A
Total Exports	N/A	N/A	N/A	N/A
Total Imports	N/A	N/A	N/A	N/A
Imports from the U.S.	N/A	N/A	N/A	N/A

In USD billions

It is estimated that in 2006 the Polish government will allocate almost 2.0% of GDP, an amount estimated to be USD 5.6 billion (PLN 18 billion), for defense expenditures. Additional sources of funding from the following areas are expected to increase this amount: Armed Forces Modernization Fund, Privatization of defense companies, Ministry of Science and Information Technology (R&D), NSIP Investment, FMF and IMET grants.

The largest segment of defense spending is allocated for modernization of the Polish army including improvement of troop capacity and mobility and improvement of air defense systems. The modernization project involves purchase of military equipment (armored transportation vehicles and military transportation aircraft) and ammunition (armor piercing guided missile and ship to ship missile systems for the Polish Navy).

NATO force goal requirements are also driving equipment-related decisions. Poland receives one third of NATO funds allocated for the development of defense infrastructure projects. By the end of 2009, the value of NATO financed projects in Poland will reach PLN 2.5 billion (USD 782 million).

The Ministry of Defense is organizing tenders for construction of NATO defense installations including NATO Training Center in Poland. In addition, the Ministry of Defense is still upgrading the air bases to serve F-16 fighter jets and supply military vehicles with guns and radio communication fittings.

In 2005, all defense-related spending in Poland has been centralized. The Polish government is required by law to hold tenders for major procurements.

### Best Prospects/Services

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Opportunities for American firms exist mainly in investment, technology transfer, and co-production work.

### Opportunities

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In April 2003, a tender to supply 48 fighter aircraft for the Polish armed forces was awarded to Lockheed Martin. This deal already increased and will continue to increase

industrial cooperation opportunities for both U.S. and Polish companies in the defense sector. Direct investment in the defense sector includes sub-supply agreements, acquisition of know-how, and training assistance. Incoming streams of new technologies and licenses help modernize the Polish defense industry enabling it to be involved in greater international cooperation.

## Resources

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The major exhibition in the defense sector is MSPO – International Defense Industry Exhibition, held each year in Kielce. The next show will take place in September, 2006. The organizer is:

Targi Kielce  
ul. Zakładowa 1  
25-672 Kielce, Poland  
tel: +48/41 365-1298  
Fax: +48/41 365-1279  
E-mail: [mspo@targikielce.pl](mailto:mspo@targikielce.pl)  
<http://www.mspo.pl/>  
Contact: Katarzyna Proszak, MSPO Project Manager  
E-mail: [proszak.k@targikielce.pl](mailto:proszak.k@targikielce.pl)

The other important exhibitions in this sector are:

International Air Show held in Radom. It is held biannually. The next show will take place in 2007. The organizer is:

Dowództwo Wojsk Lotniczych Obrony Powietrznej  
(Polish Air Defense Force Headquarters)  
Biuro Organizacyjne Międzynarodowych Pokazów Lotniczych  
Radom AIR SHOW  
ul. Zwirki i Wigury 103  
00-912 Warszawa 69  
Tel:(48-22) 682-5176  
Contact: Karolina Fiedorowicz  
Fax:(48-22) 682-5176  
E-mail: [airshow@vp.pl](mailto:airshow@vp.pl)

International Maritime Exhibition Balt-Expo held in Gdansk. It is held biannually. The next show will take place in 2007. The organizer is:

Biuro Reklamy S.A.  
ul. Puławska 12a  
02-566 Warszawa, Poland  
Tel: +48/22 849-60-06  
Fax: +48/22 849-35-84  
E-mail: [biuro\\_reklamy@brsa.com.pl](mailto:biuro_reklamy@brsa.com.pl)  
<http://www.balexpo.com.pl/>  
Contact: Mr. Sławomir Majman, General Director

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## (Computer Services)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	1,220	1,390	1,640

In USD millions

\* The above statistics are unofficial estimates.

The computer services market is estimated at USD 1.6 billion, representing roughly 32% of the total IT market. Demand for computer services grew almost 20% last year, much faster than the sectoral average, estimated at 14%.

Outsourcing, the fastest growing segment of the services market, grew 50% in the last two years. According to market analysis by IDC, 15% of all services are provided by outside, specialized companies. This segment of the market is expected to further expand in 2005 and over the next several years. Hewlett-Packard and IBM are the two leaders in providing outsourcing services.

A presence in Poland or a Polish partner is necessary for U.S. firms since Polish companies are reluctant to accept services from suppliers that do not have direct presence or support in the country.

### Best Prospects/Services

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High-end consulting services  
Business process services  
Educational training  
Hardware maintenance and services

### Opportunities

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The demand for IT products and services is expected to increase due to the availability of European funds, which can be used for regional development projects and by companies investing in IT for increased productivity. All projects financed from public funds are subject to public tender procedures.

### Resources

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Local Trade Event:

In view of major decline of local IT trade events, CS Warsaw doesn't recommend any of them.

**Regional Event:**

CeBIT, March , March 9-15, 2006, Hannover, Germany

<http://www.cebit.de/> or <http://www.buyusa.gov/germany/en/cebit.html> - for information on U.S. Pavilion and Corporate Executive Office (CEO) program at this event

**Contacts for Marketing and Advertisement**

IDG Polska, the publisher of Polish editions of ComputerWorld, PC World Komputer, Net World, and IT sector rankings. IDG also offers marketing services.

<http://www.idg.com.pl/informacje.html>

Migut Media, the publisher of several ITC publications, including TeleInfo and IT Reseller as well as IT rankings and reports. These publications are appropriate for advertising within the industry. The company also offers marketing services.

<http://www.migutmedia.pl/>

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## (Computer Software)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	860	1,000	1,070

In USD millions

\* The above statistics are unofficial industry estimates.

The Polish software market exceeded \$1 billion in size and it grew 7% in 2005. Growth of computer software sales is directly related to increased investments in computer systems, especially growth in computer networking and enhanced functionality.

Polish companies provide approximately 60% of software sold, while U.S. companies hold over 25% of the total software market. Poland has many skilled, well-educated software engineers and offers good investment incentives, becoming a popular location for placing offshore software development.

Increased security awareness of end-users and service companies has boosted sales of a variety of security software solutions, including administration applications. Other popular business application software includes Enterprise Resource Planning (ERP), warehousing, document and content management and e-commerce.

### Best Prospects/Services

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Security software  
Software for networking and tools  
Specialized business application software

### Opportunities

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The demand for IT products, including computer software, is expected to increase due to the availability of EU funds, which can be used for regional development projects and by companies investing in equipment and software for greater productivity. All projects financed from public funds are subject to public procurement tendering rules.

### Resources

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Local Trade Event:

In view of major decline of local IT Trade events, CS Warsaw doesn't recommend any of them.

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<http://www.idg.com.pl/informacje.html>

Migut Media, the publisher of several ITC publications, including TeleInfo and IT Reseller as well as IT rankings and reports. These publications are appropriate for advertising within the industry. The company also offers marketing services.

<http://www.migutmedia.pl/>

The Ministry of Science and Information Technology is in charge of setting standards for IT projects in the public sector

<http://www.mnii.gov.pl/>

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## (Computers and Peripherals)

### Overview

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	2002	2003	2004 (estimated)
Total Market Size	2,070	2,290	2,500
Total Local Production	990	1,100	1,250
Total Exports	220	245	275
Total Imports	1,300	1,435	1,525
Imports from the U.S.	240	250	275

\* The above statistics are unofficial estimates.  
In USD millions

The overall information technology (IT) sector grew at a rate of 13% in 2004. Although Poland spends only 2.0% of its GDP on IT investments, the prospects for this sector are good due to additional funds available through EU programs and the generally good economic situation in the country. The Polish IT market is the fastest growing market in the Central and Eastern Europe region.

The computer hardware market totalled \$2.3 billion the end of 2003, with the personal computer segment alone worth \$1.4 billion. The hardware market is expected to have grown over 9% in 2004.

Polish companies have over 50% of the PC market, but their share is expected to decrease. Many small suppliers are not able to meet CE Mark requirements, which were introduced upon Poland's EU entry in May 2004. The notebook segment will increase over 20% annually. Foreign suppliers dominate the notebook and high-end computer market segments.

Individual users and small and medium size companies have become major purchasers of computer equipment, with the emphasis on low-end equipment. Thanks to good economic forecasts and general optimism associated with Poland joining the EU, corporate buyers are starting to upgrade obsolete equipment and enhance their networking capabilities.

### Best Prospects/Services

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Computer parts and components  
Peripherals  
Networking equipment and components

### Opportunities

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The demand for IT equipment is expected to increase due to the availability of EU funds, which can be used for regional development projects and by companies investing in

equipment for greater productivity. All projects financed from public funds are subject to public procurement tendering rules.

## Resources

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Local Trade Event:

ComputerExpo, January 27-29, 2005, Warsaw

<http://www.komputerexpo.com.pl/>

Regional Event:

CeBIT, March , March 10-16, Hannover, Germany

<http://www.cebit.de/> or <http://www.buyusa.gov/germany/en/cebit.html> - for information on U.S. Pavilion at this event

Contacts for Marketing and Advertisement

IDG Polska, the publisher of Polish editions of ComputerWorld, PC World Komputer, Net World, and IT sector rankings. IDG also offers marketing services.

<http://www.idg.com.pl/informacje.html>

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<http://www.migutmedia.pl/>

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<http://www.mnii.gov.pl/>

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## **(Construction Materials & Equipment)**

### **Overview**

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The value of the Polish construction sector in 2005 is estimated at over 10 billion USD. The average growth of this sector over the next several years is predicted to reach 8 – 10% yearly. Growth in the Polish economy in 2004 and in 2005 (respectively 5.7% and 3.5%) provided a significant boost to the building industry. Poland's accession to the European Union also had a positive affect on this industry sector. In the face of expected increase in VAT rates (7% before Poland became the EU member, 22% after) the demand and sales of construction materials and equipment went up 35% in the first four months of 2004. Local production has also increased proportionately. It is expected that the positive trend in this industry will also continue in 2006. EU funds for infrastructure development should result in new construction projects and new investments. The residential sector will plateau while growth will continue in the construction of commercial facilities, warehouses, roads and infrastructure projects. The overall positive financial status of construction firms, and an expected increase in bank credits for building and utilizing EU funds should all have a positive effect on the construction materials and equipment industry in 2006.

### **Best Products/Services**

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In view of an expected increase in infrastructure projects, the best selling products should include building materials used for road construction, power and telecommunication lines installations, drainage and land reclamation projects, building of shopping centers, office space and parking lots.

### **Opportunities**

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City authorities plan to utilize EU funds and partner with foreign investors on a variety of construction projects. U.S. companies should work directly with urban community authorities to facilitate those opportunities.

### **Resources**

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CS Warsaw recommends "BUDMA" International Construction Fair, Poznan, Poland, organized annually in January. Organizer: Poznan International Fair, ul. Glogowska 14, 60-734 Poznan, Poland, tel. +48 61 869 22 85, fax +48 61 869 29 57, email: [budma@mtp.pl](mailto:budma@mtp.pl), website: <http://www.budma.pl/>  
Ministry of Infrastructure, Housing Department, ul. Chalubinskiego 4/6, 00-928 Warszawa, tel. +48 22 661 81 58, fax +48 22 621 17 27, email: [info.bm@mi.gov.pl](mailto:info.bm@mi.gov.pl), website: <http://www.mi.gov.pl/>

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## **(Water and Wastewater Treatment Equipment)**

### **Overview**

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According to OECD assessments, Poland has made remarkable environmental progress in recent years, meeting most of its environmental objectives to date. Nevertheless, the road to environmental convergence within the EU will be a long one. As stated by the Polish Ministry of Environment, Poland will have to invest 4 billion Euro annually until 2015 to meet remaining EU environmental standards.

Water abstraction has decreased over the past decade and there has been significant progress to connect both rural and urban populations to water supply and sewage systems. Introduction of water metering, reduction of leakage, charging for water abstraction and wastewater discharges are signs of progress. However, surface water quality is still unsatisfactory and large investments in wastewater treatment plants have not lead to corresponding improvements in surface water quality. Major expenditures for water management infrastructure are necessary to ensure that water supply and wastewater related infrastructure comply with European directives. Under EU regulations, all towns with populations over 2,000 must have such facilities.

In order to improve ground water resources the State plans to develop the network of small reservoirs. Approximately \$16 million must be allocated annually for the creation of this network. The project is planned to be finished by 2006.

Municipal wastewater treatment plants are slated for construction, extension and modernization. According to the National Wastewater Treatment Plan until 2015, \$8 billion is to be spent for modernization and construction of wastewater treatment facilities and piping systems. Currently almost 200 new wastewater treatment plants are under construction or modernization. Most in demand are wastewater treatment facilities for regions inhabited by less than 15 thousand citizens.

Poland has full access to structural funds from the European Union that are available to finance the rehabilitation of the water/wastewater treatment infrastructure in Poland. Access to EU funding may be subject to substantial EU content proportions, which may require U.S. suppliers to partner or sub-supply. Starting from May 1, 2004 capital for financing water/ wastewater projects can be sourced from the following funds:

- 2004 – 2006 Cohesion funds; 2 billion EUR;
- 2004 – 2006 Structural funds, (European Regional Development Fund); total 8.3 billion EUR;
- 2004 – 2006 funds for development of rural areas; about 700 million EUR annually.

### **Best Products/Services**

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The table below shows a listing of selected best prospects for equipment:

Code HS	Name of equipment
8413 81 90 0	Submersible pumps to be used in sewage treatment plants
8414 80 90 0	Air blowers to be used in sewage treatment plants with the efficiency of more than 15,000 m3/day
8414 90 90 0	Components of equipment used in deep aeration of sewage
8421 19 99 0	Sludge water centrifuges with an output of more than 1500 m3/day
8421 29 90 0	Filtration presses and sewage screens for sludge drainage
9026 10 91 0	Portable automatic flow meters
9026 80 99 0	Kits for fluid collection - liquids, gases
9027 80 19 0	Measuring devices for biological oxygen demand (BOD)
9031 80 39 0	Equipment for the automatic collection and analysis of sewage samples

## Opportunities

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The market for water/wastewater equipment has grown steadily over the last few years and is expected to increase rapidly. U.S. exports of water/wastewater equipment to Poland have grown significantly over the past few years. While U.S. products are considered to be of the best quality, they face strong competition from European suppliers, especially from Germany, Sweden and France. The competitiveness of products offered by European producers is based on lower shipping costs and lower tariff rates for EU suppliers. The best investment prospects in Poland for the next few years exist for companies offering the latest technology and equipment for chemical and biological treatment of waste water, technology for safe sludge disposal, for desalination and disposal of residuals (including marketing of salts), water recycling in industry, etc. Poland is particularly intent on reaching European Union standards for effluents and drinking water quality. Imported equipment must meet quality standards required by the Polish certification law.

As mentioned above, Poland will be a major recipient of cohesion and structural funds. The first 22 projects submitted by the Polish government to Brussels, have been approved. A majority of these projects focus on water and wastewater treatment. These and other projects approved by the EU for financing from cohesion funds can be viewed at the Ministry of Environment Center for Environmental Information web site <http://www.cios.gov.pl>

## Resources

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Ministry of Environment  
<http://www.mos.gov.pl>

EcoFund Foundation  
<http://www.ekofundusz.org.pl>

Center for Environmental Information  
<http://www.cios.gov.pl>

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## (Plastic Processing)

### Overview

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	2002	2003	2004
Total Market Size	3312.6	4206.0	4578.8
Total Local Production	3118.6	3265.3	3582.8
Total Exports	435.5	506.1	590.8
Total Imports	629.5	1446.8	1586.8
Imports from the U.S.			

In USD million

2002 – 4.1 PLN/1\$ 2003 – 3.9 PLN/1\$ 2004 – 3.6 PLN/1\$

SOURCES: Chief Statistical Office of Poland (GUS) - Yearbook 2002, 2003, 2004

Polish Chamber of Chemical Industry Annual Report 2004

Plastic processing is the fastest developing subsector of the chemical industry and one of the most dynamic industrial sectors in Poland. In 2004 the local production of plastics including polyethylene, polypropylene and polyvinyl chloride amounted to 758.9 thousand tons. Local production of plastics in primary forms is not meeting demand. For example local production of PE, PP., PCW and PS supplied only 34% of demand. In 2004, 1,476 thousand tons of plastics in primary forms and 601 tons of plastic products were imported. Exports reached 463 tons that same year, while overall sales in the plastic and rubber sector amounted to approximately USD 8 billion.

Local production of plastics amounts to 4.5% of total chemical industry output. After a period of growth that reached its peak in 2000 output declined by 15% within the two next years. In 2003, the aggregated value of output increased owing to price hikes of raw materials, but based on 2004 data, it did not surpass the value generated in 2000.

In tonnage terms, Poland generates annually 0.5% of the world's production of non-modified polymer-based products. Between 1990 and 2004 Poland boosted output of these substances by nearly 80%, (the output of natural polymers dropped by half, but that of synthetics grew by 4.7%). In the aggregate, production was stable in 2000-2004, although volumes differed significantly in certain periods in year-on-year count.

Domestic production of plastics is far less than domestic demand. Polish producers increased output capacities but still not sufficiently to meet growing demand. In November 2005 the Polish German enterprise Basell Orlen Polyolefins opened two of the world's largest production facilities for polypropylene and polyethylene in Plock. The value of this investment is estimated for 415 million USD. These two facilities will produce annually 400 thousand tons of polypropylene and 320 thousand tons of HDPE polyethylene. Apparently, at the same time, Polish industrial consumers of plastics have significantly increased their production capabilities.

Simultaneously, exports of some types of plastics have increased dramatically. As a result, the market share of plastics imports grew from 58% in 1999 to 65% in 2004.

In the case of polymer based plastics, such as PE, PP, PVC and polyvinyl, PS plus styrene polymers, domestic production met only 20% to 57% of demand in Poland in

2004. This ratio should change by 2006, as new investment projects in the chemical industry will start ramping up production.

Currently, the most rapid increase in plastic production and consumption is in the area of plastic packaging and plastic components, growing at a level of 10% annually in recent years –a level five times higher than in Western Europe.

### **Best Products/Services**

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Technology for production of styrene and polystyrene.

Technology for production of engineering polymers.

Technology of pulltrusion for production of laminate.

### **Opportunities**

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In 2004 the Polish government agreed to privatize the state owned chemical sector. Major chemical synthesis plants like Police, Pulawy, Tarnow, Dwory were privatized during 2005 through IPO.

### **Resources**

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Ministry of Economy

<http://www.mpips.gov.pl/english/>

Industrial Chemistry Research Institute

<http://www.ichp.pl/eng/index.htm>

Central Research and Development Institute for Packaging

<http://www.cobro.org.pl>

International Exhibition of Raw Materials and Technologies for Chemical and Plastic Industry

<http://www.prochemia.info.pl/eng/>

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## (Travel and Tourism Services)

### Overview

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	2003	2004	2005 (estimated)
Domestic Tourism Expenditures	4,500	4,200	4,400
Inbound Tourism Receipts	4,100	5,800	6,100
Outbound Tourism Expenditures	2,200	2,800	2,950

In USD millions

Exchange rate: 2002 1\$ = 4.1 PLN, 2003 1\$ = 3.9 PLN, 2004 1\$ = 3.6 PLN

Source of statistics: Institute of Tourism

Poland is widely recognized as an important destination for global tourism. It ranks eighth in Europe with regard to the number of arrivals. In 2004, there were 62 million arrivals to Poland, including about 14.3 million tourist arrivals (overnight stays) in Poland. The development of tourism has sparked the development of a hospitality infrastructure. In 2003, the number of accommodation facilities reached a total of 7,116. The number of hotels in Poland has been continuously growing during the last several years, at an average annual rate of 7 percent. In 2003, the number of four-star hotels rose by 13.3 percent.

After a drop in tourism activities worldwide and in Poland in 2000, a slight increase of 2 percent in the number of arrivals was recorded in 2003, and a 19% increase in 2004. The decreasing tendency in the number of outgoing trips in Poland remained consistent. In 2003, the number of departures dropped to 39 million (14% less than in 2002), and in 2004 this number was 37.2 million (3.9% decrease in comparison with 2003). However, the average expenditures of incoming tourists and one-day shoppers increased very significantly by 40% in 2004. The total receipts generated by incoming tourism and one-day shoppers increased from USD 4.1 billion to USD 5.8 billion in 2004.

Like the residents of other European countries, Poles travel most frequently to neighboring countries, and the domestic market dominates Poland's tourist sector. In 2004, some 14.2 million Poles took domestic vacation trips (10% less than in 2003), while 3.33 million traveled abroad (1% increase). It should be mentioned here, that in 2003, the decrease in number of travelers abroad was 25%. In 2004, a total of 15 million of Poles aged 15 and above (48% of the population) participated in tourism trips. Poles spent a total of \$6.9 billion abroad, of which \$4.1 billion was spent by tourists and \$2.8 billion by one-day visitors.

Poland is a leader among Eastern European countries that supply visitors to the U.S. With 123,003 arrivals, Poland was ranked 36th on the list of top 50 countries from which foreign visitors arrived in the U.S. in 2004.

## **Best Products/Services**

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Organization of Incentive trips to U.S.  
Organization of Business trips to U.S.

## **Opportunities**

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Development of tourism infrastructure in Poland, including development of tourist standard hotel chains, and leisure activity facilities (ski lifts, tennis courts, swimming pools).

## **Resources**

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Polish Chamber of Tourism <http://www.pit.org.pl/>  
Polish Agency for Tourism Development <http://www.part.com.pl/>  
Polish Tourism Organization <http://www.pot.gov.pl/>  
Ministry of Economy, Department of Tourism <http://www.mgip.gov.pl/>  
Institute of Tourism <http://www.intur.com.pl/>  
Tour Salon Trade Fair <http://www.tour-salon.pl/>  
TT Warsaw Tour & Travel Fair <http://www.mtpolska.com/>

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## (Cosmetics)

### Overview

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	2003	2004	2005 (estimated)
Total Market Size	385	603	690
Total Local Production	450	890	1070
Total Exports	370	764	920
Total Imports	309	477	540
Imports from the U.S.	7	12	20

In USD million

Estimation – based on statistical data for the six months of 2005.

Exchange Rate: 2003 USD1 = PLN 3.9; 2004 USD 1 = PLN 3.6; 2005 USD 1 = PLN 3.2

The statistical data includes the following product categories: HS 3303 perfumes and toilet waters, HS 3304 beauty and make-up preparations, HS 3305 hair care products, HS 3307 deodorant and shaving preparations.

In 2004, cosmetics imports to Poland were valued at USD 477 million, a 60% increase from 2003. The largest suppliers were Germany (36%), France (19.9%), Great Britain (9.7 1%), Italy (8.3%), and Spain (3.9%). EU countries supplied 94.2 of Polish cosmetics imports. Poland's 2004 cosmetics exports totaled USD 764 million, a 48% increase over 2003. Approximately 55.5% of these exports went to EU markets. The top importers of locally produced cosmetics were Russia (24.8%), Hungary (11.9%) Great Britain (11.5%), Germany (10.8%), Romania, Lithuania and Ukraine (4.6% each). The total value of local production of cosmetics was USD 890 million and grew by 55% over 2003. In 2004, U.S. exports of cosmetics to Poland were USD 12 million, a substantial 70% growth over over 2003. After Poland's accession to the EU on May 1, 2004, import duties for the U.S. made cosmetics were reduced from a level of 7.5% - 20% to 0%, significantly increasing the sales opportunities for U.S. produced cosmetics in Poland.

Based on statistical data available for the six months of 2005 and estimation made by experts local production and exports of above mentioned cosmetic products is expected to grow by 20%. Total imports of these products are expected to growth by 15%.

### Best Products/Services

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The greatest potential during the next three years is expected to be in the following areas: beauty and make-up preparations, sun-tan cosmetics, body care products, and professional hair care products. There will also be a growing demand for healthy and ecological products not tested on animals.

### Opportunities

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In Poland there are two markets for cosmetics: the consumer market and the institutional market. The consumer market can be targeted based upon demographics such as sex, income, age, lifestyle and residential district. Suppliers must use care in making product

adaptations appropriate for specific market niches. The institutional market consists of professional beauty and hair care salons. Owners purchase goods from wholesalers and foreign representatives in Poland or import themselves. Research indicates the majority of cosmetics used in those salons come from foreign producers.

The key competitive factor for selling cosmetics in Poland is price. Also important are product quality, packaging, advertising and promotion, and strong local recognition and reputation of the firm and its products. Despite the strong position of European suppliers, there are still excellent prospects for American products, which are regarded as of the highest quality.

## Resources

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It is recommended that U.S. companies participate in appropriate trade fairs. For the cosmetics sector, the major events are:

EVENT	INTERCHARM Intl. Perfumery and Cosmetics Trade Fair
ORGANIZER	Polmedia EXPO Sp. z o.o.
E-MAIL	<a href="mailto:info@intercharm.pl">info@intercharm.pl</a>
INTERNET	<a href="http://www.intercharm.pl/">http://www.intercharm.pl/</a>
EVENT	LOOK Hairdressing and Cosmetics Forum
ORGANIZER	Poznan International Fair Sp. z o.o.
E-MAIL	<a href="mailto:info@mtp.com.pl">info@mtp.com.pl</a>
INTERNET	<a href="http://www.mtp.com.pl/">http://www.mtp.com.pl/</a>

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## Agricultural Sectors

### (Beef Offal)

#### Overview

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	2003	2004	2005 (estimated)
Total Market Size	7.2	7.2	7.2
Total Local Production	30	30	30
Total Exports	0	0	0
Total Imports	12	12	12
Imports from the U.S.	6	3	3

\*The above statistics are unofficial estimates.

\*\* The above statistics are in millions of U.S. dollars

After Mexico, Poland was the largest importer of U.S. beef tripe. U.S. tripe is imported for processing and production of the traditional Polish soup called “Flaki”. Demand for U.S. and Australian tripe has remained stable for the past several years. Imports of U.S. tripe are still allowed after Poland’s EU accession. However, retaliatory duties imposed by the EU in 2004, which currently amount to 17 percent made U.S. tripe less competitive than South American origin tripe. It is expected that these retaliatory duties will be lifted in 2005 and U.S. origin tripe will again be imported to Poland.

#### Opportunities

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Poland remains an important transshipment country for U.S. origin beef livers exported to Ukraine, and Moldova.

## (Almonds - Shelled)

### Overview

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	2004	2005*	2006 * (estimated)
Total Market Size**	13,000	14,000	14,500
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	12,400	13,000	13,500
Imports from the U.S.	4,600	4,800	5,000

\* The above statistics are unofficial estimates.

\*\* Total market size is reported in thousands of U.S. dollars.

U.S. almonds are very popular on the Polish market. They are perceived as being of very good quality.

### Best Prospects/Services

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Growing incomes and a proliferation of hypermarkets, roadside convenience stores and increased vehicular travel have contributed to strong growth in demand for snack foods in Poland

### Opportunities

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Foreign investment in the Polish confectionery industry has increased import demand from the United States for almonds in particular. These trends should continue to support strong growth in imports of almonds.

### Resources

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FAS/Warsaw worked with the Almond Board of California to promote U.S. almonds on the Polish market.

## (Dried Prunes)

### Overview

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	2004	2005*	2006* (estimated)
Total Market Size**	7,500	7,600	7,800
Total Local Production***	0	0	0
Total Exports	0	0	0
Total Imports	7,400	7,500	7,700
Imports from the U.S.	1,600	1,700	1,800

\* The above statistics are unofficial estimates.

\*\* Total market size is reported in thousands of U.S. dollars.

\*\*\* Local production is marginal and not reported in any statistics

U.S. prunes are very popular on the Polish market. They are perceived as being of very good quality.

### Best Prospects/Services

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Growing incomes, increasing numbers of hypermarkets operating in Poland and rising demand for health foods have contributed to strong growth in demand for snacks such as dried fruit.

### Opportunities

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Foreign investment in the Polish confectionery industry has also supported import demand from the United States for dried prunes in particular. These trends should continue to support strong growth in imports of this product.

## **(Grapefruit)**

### **Overview**

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	2004	2005*	2006* (estimated)
Total Market Size**	25,000	26,000	27,000
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	23,000	23,500	24,000
Imports from the U.S.	3,500	3,600	3,700

\* The above statistics are unofficial estimates.

\*\* Total market size is reported in thousands of U.S. dollars.

Polish customers prefer the taste of U.S. grapefruit to product from other origins.

### **Best Products/Services**

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At least 50 percent of U.S. grapefruit sales are handled through Dutch and to a lesser extent, German intermediaries who offer credit terms and increased flexibility regarding size and timing of shipments to Polish importers. Direct imports from the U.S. began in 1998 after several Polish importers visited the U.S. and met with U.S. exporters under USDA's Cochran Fellowship Program.

### **Opportunities**

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Even if Poland doubles grapefruit imports, as expected, by 2006, per capita consumption will still be substantially below average Western European levels, therefore, long term potential still exists. There may be difficulties in 2006 and 2007 as a result of unfavorable weather conditions in 2004 that caused the destruction of many orchards in Florida.

### **Resources**

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Work conducted by the Florida Department of Citrus in the early 1990s established grapefruit on the Polish market.

## (Wine)

### Overview

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	2004	2005*	2006* (estimated)
Total Market Size**	89,000	90,000	94,000
Total Local Production***	0	0	0
Total Exports	0****	0****	0****
Total Imports	87,500	89,000	91,000
Imports from the U.S.	2,600	3,000	3,700

\* The above statistics are unofficial estimates.

\*\* Total market size is reported in thousands of U.S. dollars.

\*\*\* **Local production is marginal and not reported in any statistics**

\*\*\*\* Exports are marginal. Exported wine is of EU origin and bottled in Poland.

Polish consumers are interested in new world wines.

### Best Products/Services

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Consumption of wine in Poland has been growing steadily over the last ten years. Polish customers are open to new products. U.S. wine is present in most restaurants and hypermarkets.

### Opportunities

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Lower tariffs which became effective after Poland's EU accession should further assist in finding a steady place for U.S. wine on the Polish market.

### Resources

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The California Wine Institute has been very active on the Polish market having conducted promotional activities in 2003/4 and 2005 and plans for future promotional activities in 2006 (wine presentations etc.).

## (Soybean Meal)

### Overview

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Thousand Metric Tons	MY 2003/04	2004/05*	2005/06*(estimated)
Total Market Size	1,400	1,500	1,500
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	1,372	1,500	1,500
Imports from the U.S.	0	0	50

\* The above statistics are unofficial estimates.

As a result of the BSE crisis, demand for soybean meal has grown as a protein replacement for meat and bone meal in meeting the needs of the Polish swine and poultry sectors. Demand should remain strong at 1.5 million tons in MY 2005/06 because of prevailing strong demand for feed from livestock producers. Previous U.S. supplier constraints related to Polish restrictions on weed seeds in low-protein soybean meal were eliminated with EU accession in May 2004. Poland allows imports of "Round-Up Ready soybeans". Processed products containing approved GMO components do not have to be re-approved. To date, no negative effects from the new GMO regulations have been observed with regard to soybean meal imports.

### Opportunities

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Argentina has been Poland's main source of soybean meal for the past two years. At least 50 percent in MY 2003/04 and even higher level in MY 2004/05. The residual soybean meal imports are almost exclusively from the EU. Market prices will affect U.S. supplier's ability to compete for the Polish market.

**Financial Services**

The Polish banking system developed significantly over the last decade and opened to full competition. Strategic investors became prominent, and rapid development of retail banking based on the benefits of electronic capacity began. The Polish government focused on the turnaround of the country's commercial and specialized banks and the development of supervisory capacity for secure banking, all in support of a more stable monetary policy and macroeconomic framework. According to international financial experts, the Polish banking market is likely to be the fastest growing in Europe over the coming years.

Poland's banking system has been primarily privately held since 1998. Only one large bank and a handful of smaller banks continue to be state-owned. PKO BP, the largest holder of deposits in the banking system, was privatized by IPO in the fall of 2004. Banks owned by foreign firms hold more than 70% of current capital and assets. More than 70 percent of commercial banks operating in Poland are controlled by foreign investors (47 out of the 64). Foreign direct investment in the commercial banking sector is estimated at 6.4 billion zloty (USD 1.6 billion), which constitutes 61.4% of the total authorized capital of the banking sector. German investors control the largest amount (USD 375 million), followed by U.S. banks (USD 300 million), and those from Italy, Netherlands and Austria.

The number of permanent users of banking services is increasing at the rate of 3% annually, and has already reached 50% of households. The number of individual accounts is increasing dramatically each year. Banking service usage is still far below the 80% usage rate of neighboring Germany, making Poland a promising market for those who enter. Consolidation of banks has also advanced, driven largely by the presence of foreign banks. This trend will likely continue across financial services as well, as banks continue to take on major stakes in insurance companies, pension funds and other financial services.

The Polish insurance market experienced unprecedented growth between 1995-2000, more than tripling in volume. Increasing demand for insurance products, particularly in the life insurance segment, due to a growing concern over the poor state of the Polish pension and health systems, and a growing understanding of the role of insurance services in society. Poland is an under-subscribed insurance market. The average Pole spends only \$80 on insurance, of which only 32% goes to life insurance. Poles spend more on non-life insurance than on life insurance. Only around 10% of the Polish population subscribes to life insurance policies.

Poland is the largest insurance market in Central and Eastern Europe, and according to some analysts, in ten years it will become one of the larger insurance markets in all of Europe. Economic development, a decreasing level of inflation, and the adjustment of legal regulations to EU directives and norms create a good climate for investment

opportunities in the insurance sector. There are 74 licensed insurance companies in Poland, including 50 with foreign capital. Approximately 55% of insurance industry assets remain in Polish hands, while 45% is foreign held. Of the total foreign share, Germany dominates with about 22%, while U.S. share is about 8 percent.

## **Power Industry**

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The electrical power sector consists of four main systems: (1) the power generators - system power plants, combined heat and power plants and local energy producers with a total installed capacity of 34,600 megawatts; (2) the high-voltage transmission system operated by Polish Power Grid Company, PPGC; and (3) the distribution system consisting of 11 electric distribution utilities; and (4) energy trading companies created according to the new Energy Law. The Polish electrical power system is the largest in Central and Eastern Europe, with a gross domestic electricity production of 145,200 Gwh. In the recent years, there was a partial consolidation in the power generators market and distribution companies market. These consolidations led to creation of two large power generation companies PKE and BOT (BOT includes also two lignite mines), and six large distribution groups. There are still, however, power generators and power distributors, which were not consolidated.

The sector has undergone significant changes during demonopolization, market liberalization and privatization. During the last ten years, the electrical power sector in Poland has been transformed from a centralized system into a liberalized system. The law that allows the implementation of new market mechanisms into the system, the "Energy Law," was adopted in 1997. The Energy Law has been a watershed for the transformation of the Polish power sector. The law introduced Third Party Access (TPA) to energy distribution grids, which is fundamental for competition in the energy sector. The Polish energy trading market is divided into three segments: contract market, balance market and exchange market. As a further step in market liberalization, the Warsaw Electric Energy Exchange began operating in 2000. Approximately 60% of electric power sold in Poland is contracted by long-term power purchase contracts. In order to create a truly competitive market, the Government plans to cancel all long-term contracts. Treatment of current investors is being closely monitored as an indication of how future government-business relations will proceed.

The privatization of electrical power companies is a critical element for the creation of a competitive power market in Poland. However, the privatization process is slow. Currently, out of 10 state-owned system power plants (including PKE and BOT), four are already privatized, and four other privatizations are in process. In the area of 21 combined heat and power state-owned system plants, nine are privatized and six privatizations are in the process. Some CHPs are planned for consolidation with larger power generators. Out of 11 distribution companies currently existing in the market (including 6 large newly created distribution groups), only two have been privatized.

Newly established government is working on a new program of restructurization and privatization of Polish electrical power sector. It is expected that program will include cross sector consolidation between power generators, distributors and fuel suppliers. Three to five large electrical power groups might be created in the market. Merger between National Grid Operator PSE and energy group BOT is also considered to

create the largest energy holding and domestic company. Privatization of electrical sector will proceed only after sector restructurization.

## **Oil and Gas Industry**

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Poland has limited oil deposits. Total onshore reserves amount to 5 million tons. Local production of crude oil in Poland is marginal. About 99 percent of the oil processed is imported, mainly via pipeline from Russia and Kazakhstan, and by ship from the North Sea and the Middle East. The Oil Pipeline Exploitation Enterprise (PERN), a state-owned company, manages all of the Polish crude oil and oil product pipelines. The Polish government is considering construction of an oil pipeline from Brody in Ukraine, which would be a hook-up of the Odessa-Brody route to the refinery in Plock, and a further link to the Baltic port of Gdansk. The Odessa – Brody pipeline carries oil from the Caspian Sea.

Sixty percent of Poland's natural gas consumption is supplied by imports. Almost all imports (above 90%) come from Russia, with Germany and the Czech Republic supplying much smaller amounts. The recently build Yamal pipeline carrying gas from Siberia to Western Europe increased the amount of Russian gas delivered to Poland. In order to diversify the sources of its gas supply, Poland signed preliminary contracts with Denmark and Norway in 2001 for natural gas supplies (BalticPipe). However, the contract has not been executed to date. Newly created Polish government is devoted to limit Poland's dependence on Russian natural gas.

The Polish Oil and Gas Company (POGC) is the major producer of oil and natural gas in Poland. POGC owns and operates the transmission and distribution networks of natural gas in Poland, as well as gas storage facilities. POGC has been undergoing a deep restructurization process in order to adjust to EU requirements, and prepare for privatization. In September 2005, the IPO of 15% of company shares took place, which was severely questioned by opposition political parties. As a result, the newly elected government has announced plans to cancel this privatization. Oil and gas exploration and production in Poland is subject to licensing procedures. There are several foreign companies involved in natural gas exploration in Poland.

The downstream oil sector generates 8.5% of Poland's gross domestic product and over USD 400 million in annual profit. The oil sector, for both production and distribution, has received substantial investments during last decade in order to be internationally competitive. Nafta Polska S.A., a state-owned organization, has performed critical restructurization and privatization of Poland's downstream oil sector. The largest Polish refinery, Plock, was merged with the fuel distribution and retailing company CPN, creating a new company called Polish Oil Concern PKN Orlen. Orlen operates 1,900 gas stations in Poland and enjoys a 30% share of the total market for retail gasoline. Orlen is also the largest producer of oil products in Poland. After two rounds of public offerings in 1999 and 2000, 72% of Orlen shares are floated on Warsaw and London Stock Exchanges. The second largest refinery, Gdansk Refinery, was merged with three small refineries and Petrobaltic (oil off-shore company) to create the Lotus Group Company. Privatization of Lotus Group occurred in June 2005 through an IPO on the Warsaw Stock Exchange.

Poland's transportation network, suffering from years of neglect, is in urgent need of upgrade and refurbishment. The underdeveloped road and rail infrastructure in Poland is considered a major impediment to acceleration in the rate of Poland's economic and commercial expansion.

Only 15% of roads can be classified as good quality, some 50% of roads are unsatisfactory and need immediate upgrading work, and 35% are considered very poor. To help meet this need, Poland has planned a new system of toll roads operating alongside the already existing transportation infrastructure.

The plan, approved by the Parliament in 1994, provided for the construction of four highways. The A2 and A4 highways were to channel traffic between Western Europe and Poland's eastern neighbors and the A1 and A3 were to connect the Baltic coast with the southern borders. Each segment of the highway was required to be built individually by prime contractors. Unfortunately, all of these projects have experienced financing problems and in response, the government of Poland adopted legislation allowing the financing schemes to change from build-operate-transfer (BOT) systems into public-private partnerships (PPP). The economic committee of the Council of Ministers approved legislation in February 2000 that would allow PPP arrangements. Named "Infrastructure – the Key to Development" the plan calls for approximately 1,700 kilometers of expressways and freeways to be built in Poland by 2010, including 500 km of freeways and 200 km of expressways with a total cost estimated at USD 8 billion. Proposed highway routes were selected on the basis of traffic volume. Currently, most progress has been made on A4 in southern Poland, linking Wroclaw and Krakow. This highway is financed solely through State budget sources. Work on parts of another highway, A2, linking Polish western and eastern borders is progressing. While construction of some highways is progressing, financing for the system remains a significant hurdle to further development. The importance of highway development was recently stressed by the European Union, and was included on the list of European transport infrastructure priority projects. Road infrastructure is one of the major priorities for the Polish government. Significant financing will be available through EU funds. Thanks to these funds, the road building and maintenance sector is going to see growth in the next few years. It is expected that 12.5 billion PLN (4 billion USD) will be spent on road projects in 2005 and 2006.

In terms of railway infrastructure, Poland's integration with the European railway network and competitiveness with international traffic requires a higher standard of service in both passenger and freight transportation. The share of railways in the transport of goods in Poland is now approximately 50%. The share of mixed road and rail transport is very low due to underdeveloped computer systems and a lack of appropriate platforms, rolling stock for the transport of semi trailers or containers, and a lack of equipment for container handling. However, mixed transport has the best prospect for growth in Poland.

The Polish railway system (run by the state-owned PKP) is the third largest railway in Europe in terms of line length with over 20,000 kilometers of rail, but in terms of quality of equipment and service it lags behind EU countries. Only 22% of lines can service

high-speed trains. Poland's upgrade effort focuses first on east-west connections (E20 Germany – Belarus and E30 Germany – Ukraine), the north-south Gdansk – Czech route (E65), and the Rail Baltica (E75) as well as the modernization of the ring rail around Warsaw. 80% of financing will come from EU funds and 20% from the state budget. According to the Ministry of Transport and Construction, in the years 2005-2006, more than one billion Euro is available for railway infrastructure projects through EU financing. The modernized lines will allow passenger trains to travel at a speed of up to 160 km/h and cargo trains 120 km/h. The maximum weight per axle will be increased up to 22.5 tons.

About 60 to 80% of PKP's rolling stock is outdated and needs modernization. PKP is also in a very poor financial situation. Only PKP's cargo operations are profitable with passenger traffic resulting in significant losses to the company. The process of privatization of PKP's three components (passenger, cargo and infrastructure) was initiated in 2000. In September 2000 the Polish Parliament passed a law on the commercialization, restructurization and privatization of PKP. Starting January 1, 2001, PKP became a joint stock company. By mid 2001 several companies were formed from the old PKP: PKP Intercity, PKP Cargo, PKP Energetyka, PKP Informatyka, PKP WKD, PKP SKM, PKP PKL, FERPOL and others. All except PKP PKL will be privatized in the near future.

Poland's railway system could benefit from modernization projects including the purchase of track rehabilitation machinery, signaling cables, power supply cables, signaling equipment, steel parts for standard turnouts, as well as hot and flat wheel detection equipment.

## **Chemical Industry**

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The chemical industry is an important sector of the Polish economy. In 2003, sales in this sector amounted to approximately USD 15 billion and represent 10.1% of all Polish industrial sales - one of the most profitable business sectors of the Polish economy. Local producers supply 31% of Poland's chemical market. The majority of products are imported, while at the same time, export of the Polish chemicals amounts to 25% of total sales. The chemical industry has seen positive growth for several years. In 2003, a significant increase in both net and gross profits was achieved. Production of chemical products increased by 33.5% and production of rubber and plastic products increased by 81.9% against the previous year.

Plastic processing is the fastest developing subsector of the chemical industry and one of the most dynamic industrial sectors in Poland. In 2004 – 1845 tons of plastics were processed locally. This number indicates that local production of plastics in primary forms is not meeting demand. For example local production of PE, PP., PCW and PS supplied only 35% of demand. In 2003, 62.6% of plastics were imported, including 1445 tons in primary forms. Exports reached 478 tons that same year, while overall sales in the plastic sector amounted to approximately USD 3 billion.

The environmental services sector has only recently emerged in Poland's growing market economy, and is in a state of flux. Current Polish environmental policies emphasize the principle of sustainable development and encourage firms to rely on clean technologies, pollution prevention, and waste minimization in designing their production processes. The policies discourage "end of pipe" control technologies.

Poland faces enormous environmental challenges, but this situation also presents opportunities for western companies with the equipment, advanced technology and know-how that Poland requires. The most promising areas are wastewater treatment, waste disposal, recycling technology, and air pollution control. Sectoral priorities can be discerned from World Bank estimates of the total expected costs to the Polish economy over the next 15 years for meeting EU accession requirements in the overall area of the environment. These include: \$25-40 billion in the water sector, \$7.7-11.5 billion for air pollution, and \$2.2-3.3 billion in recycling and solid waste management. Required funding in the water/sanitation sector alone over the next 10-15 years will involve investments equivalent to 1.4% of GDP annually over this time period.

The importance of the environmental sector is widely recognized by Polish authorities and strongly supported by international financial institutions. Credit lines are available for environmental protection investments on preferential conditions thanks to funds provided by internal sources as well as the World Bank, European Bank for Reconstruction and Development, and others. Poland has adopted the "polluter pays" principle. Fees and fines for use and pollution of the environment are collected by the National and Regional Funds for Environmental Protection and Water Management. In turn, these Funds offer preferential loans for environmental projects. Another source of financing environmental projects in Poland is the EcoFund Foundation, which was established in 1992 by the Ministry of Finance. The EcoFund manages funds obtained through the conversion of part of Poland's foreign debt (USD 571 million) with the aim of supporting environmental protection-related endeavors (so-called debt-for-environment swaps). To date, Polish debt-for-environment swap decisions have been taken by the United States, France, Switzerland, Italy, and Norway. The EcoFund provides grant funds and loans with attractive terms.

Additionally Poland has full access to structural funds from the European Union that are to finance the rehabilitation of Poland's environmental infrastructure. Starting from May 1, 2004, as Poland joined the EU, capital for financing environmental projects can be sourced from the following funds:

- 2004 – 2006 Cohesion funds; 2 billion EUR;
- 2004 – 2006 Structural funds, (European Regional Development Fund); total 8.3 billion EUR;
- 2004 – 2006 funds for development of rural areas; about 700 million EUR annually.

While nearly 20% of foreign investment in Poland has been in the automotive industry, the local Polish market for new cars is declining. After several years of significant annual growth in sales in the 1990's (reaching 640,000 in 1999), the industry has been

experiencing a decline. In 2003 sales of new cars reached 358,400, while imports of used cars reached 35,700. After Poland's accession to the EU on May 1, 2004 imports of used cars increased significantly, reaching almost 1 million cars imported in 2004 with an average age of 8 years. At the same time sales of new cars in 2004 reached 316,013. The number of cars produced in Poland in 2003 totaled 333,725 while in 2004 the number reached 482,014 vehicles. Fiat is the biggest producer (57.9% of the market), followed by GM-Opel (22%) and Volkswagen (11%). 80% of the cars produced in Poland are exported.

Major car producers and importers are very skeptical about the prospects for new car sales in Poland for 2006. Before 2000, the automobile industry represented very good sales opportunities and was viewed as a primary investment opportunity. Major investors included Fiat, Daewoo, GM Opel, Ford, Volkswagen, Peugeot, Scania, and Volvo. The relatively weak short-term market has been further troubled by the financial problems experienced by Daewoo, which had major automobile investments in Poland. The sharp decline in automobile sales put investors in a difficult situation, forcing them to either scale back production and reduce workforces at their production sites or to increase exports. Major car producers in Poland, GM and Fiat, have announced plans to launch new production, expand export sales and to increase their workforces.

The auto parts industry has continued to be very promising for potential investors, as the majority of investors in car production commit themselves to source automobile parts and components in Poland instead of from abroad. Investors in the car parts industry have not suffered parallel declines. Investors in automobile parts companies are currently focusing on overseas sales as well as the growing automotive aftermarket segment.

## **Telecommunications**

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The new Telecommunications Law of July 16, 2004, which came into force on September 3, 2004, fully harmonizes Polish regulations with EU directives. Even though new regulations address outstanding telecommunications issues, for example access to local loop or number portability, several practical aspects remain to be solved. The Office of Telecommunications and Post Regulations (URTIP) maintains all market regulatory functions (<http://www.urtip.gov.pl/urtip/index.jsp>), while the Ministry of Transport and Construction is in charge of overall telecom policy issues (<http://www.mtib.gov.pl/en/>). A new government, which constituted in mid November 2005, has reorganization plans for several central offices, including URTiP. This reorganization is expected to happen in 2006.

The telecommunications market was completely liberalized in 2002 and there are no restrictions on foreign investments across the telecommunications sector. Additionally, licensing has been replaced by a simplified registration procedure at a nominal fee. Poland continues to regulate the use of its frequency spectrum. In 2005, the government granted three licenses for 3.6-3.8 GHz frequencies for digital radio subscriber access (SRDA), and an additional license for UMTS cellular service.

In September 2005, URTiP announced tenders for frequency reservation for 3.6-3.8 GHz frequencies in 317 local counties. In November 2005, URTiP also opened three

tenders for 1800 DCS licenses and a tender for the 410-430 MHz band for digital mobile point-to-multipoint communication. These tenders are expected to be concluded in early 2006.

Former national operator Telekomunikacja Polska S.A. (TPSA) remains a major player in all segments of the market. Privatized with France Telecom as a strategic investor, TPSA still holds over 80% of fixed-line telecommunications services and owns most of the fixed-line telecommunications infrastructure. Fixed line voice services currently have 13 million users, with only a 3.5% annual growth rate.

Cellular telecommunications is the most competitive segment of voice services, with a 27 annual growth. At the end of 2005, there would be almost 28 million users of cellular services, which are currently provided by three operators. Operators offer services in GSM and DCS standards. Their UMTS offer is still very limited in terms of territory and scope of services. To further enhance market competitiveness, URTiP has prepared new regulations forcing existing operators to offer in-country roaming to new as well as to virtual operators (MVNO). This regulation, expected to come into effect in January 2006, would facilitate the market entry of Netia Mobile.

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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With its accession to the European Union on 1 May 2004, Poland became part of the EU customs union. Most Polish customs provisions were replaced with the respective EU regulations including the Community Customs Code and the Community Tariff and implementing provisions. Membership in the customs union required abolition of any physical and fiscal barriers (customs control, customs duties) between Poland and other EU members. Transactions involving transfer of goods between Poland and other EU states changed their nature from imports/exports into intra-Community acquisition and supply. Transfers of goods between Poland and non-EU member states retained their classification as imports/exports and are subject to the uniform EU customs rules.

Since May 1, the customs duty rate applicable to goods imported into Poland is the European Community Customs Tariff. On average, EU tariff rates are lower than the previous national Polish customs duties. In the case of tariffs levied on goods imported from the U.S. after 1 May 2004, customs duties fell for 1099 items (accounting for 47.6% of imports by value), remained unchanged for 210 items (accounting for 50% of imports by value in 2002), and increased for 61 items (3% of import value).

Currently the decision on quotas or customs suspensions to be applied to goods imported into Poland is taken at the Community level.

Information on the customs duty rates, customs preferences, available quotas, customs suspensions, as well as anti-dumping duty rates applicable at importation of goods into Poland can be currently obtained from TARIC (the electronic integrated Community Tariff).

### Agricultural Tariffs:

The European Union is a customs union, which means that the same import duty rates are applicable in all member states. The tariff applicable to imports from the U.S. is the MFN (Most-Favored-Nation) tariff which also applies to other signatories to the WTO-agreement. However, many countries enjoy lower preferential tariffs within the scope of various trade agreements. Under the Uruguay Round Agreement, the EU committed to reduce import tariffs for agricultural products by 36% on average over the 6-year implementation period.

For more information on EU duties please click on the following link:

<http://www.useu.be/agri/import.html>

## **Trade Barriers**

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All business entities operating in Poland (including foreign companies) have equal access to international trade. However, this access is subject to the trade policy measures introduced by the EU, which Poland as a member is obliged to observe. Licensing is a form of trade restriction imposed by the European Union with respect to certain goods and countries. Importing into Poland is subject to the same licensing requirements as importing into all other EU countries. The licensing system is operated by the European Commission in cooperation with the authorities of the member states.

The EU may restrict trade in certain goods or with certain countries by value or volume through quantitative import or export quotas. The import of goods covered by an import quota is prohibited outside the quota system. Quotas are allocated among the entities applying for the license. Licenses are valid in all member states except for situations when the quota is limited to one or more regions of the EU. When the quota is exhausted, imports (exports) are not possible until a new quota is opened.

The system of quantitative import quotas is widely applied to the import of steel products and textiles. Imports of textiles, for instance, require presentation of an import license issued by the relevant authorities of one of the EU member states. An import license may be issued on presentation of a valid export license issued in the exporting country. Other goods covered by the quota system include the following Chinese products: certain footwear, porcelain tableware or kitchenware and other table- or kitchenware.

There are also certain restrictions not related to commercial policy and which introduce licensing requirements in trading in dual-use (i.e. both civil and military use) goods and technologies, certain chemicals, in particular narcotic drugs and psychotropics or cultural goods.

Separate arrangements are applied to trade in certain agricultural products under the Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds or preferential tariff arrangements. In Poland, licenses and permits for trading in goods that require licenses or permits are issued by the Minister of Economy and Labor or by the Agricultural Market Agency, which cooperates with the European Commission.

In general, the trade of goods and services is not restricted in Poland. In some areas, including imports of strategic goods (e.g. police and military products, radioactive elements, weapons, transportation equipment, chemicals) a license or concession is required. Imports of beer, wine and strong alcoholic beverages, gas, and certain agricultural and food products (including dairy, poultry, and tobacco products) are also licensed. A permit is necessary to sell imported alcoholic products. A phytosanitary import permit issued by Plant Quarantine Inspection Service is required for the import of all live plants, fresh fruits, and vegetables into Poland. Several common weed seeds have quarantine status which hampers U.S. grain and oilseed exports to Poland. Certain goods are subject to import quotas in Poland. These include gasoline, diesel fuel and heating oils; wine and other alcohol; and cigars and cigarettes.

The Ministry of Economy issues import permits and concessions and regulates quotas. However, other Polish ministries have special jurisdiction over products such as tobacco (Ministry of Agriculture); permits related to air, sea, or road transport (Ministry of Transportation); or natural resources (Ministry of Environmental Protection). U.S. exporters should ascertain whether their product requires import certification before shipping.

In most cases, before an issuing ministry grants import permission on a product, the product must be reviewed and recommended for import into Poland by one or more inspectorates or technical associations, depending on the nature of the product. This can be a costly, lengthy, and confusing process for the U.S. exporter and the Polish importer alike. It is often necessary to submit samples of products or equipment for testing, regardless of the issuance of previous U.S. or international certificates. The presentation of detailed documentation on a product is a must, and all requests by relevant inspection agencies should be strictly adhered to in order to speed up certification procedures.

Once an application and supporting materials have been submitted, the inspecting agency will make a positive or negative recommendation for import to the appropriate Polish ministry. When the import of a specific product is approved, further imports of that product are free from additional regulation. U.S. companies with several lines of like products (e.g. pharmaceutical, food preparation, or chemical products) should begin the approval procedure on all products as early as possible.

Some products, once imported, also require registration. This is particularly true of products that come into contact with or can affect the health of the consumer. In the case of hazardous materials the importer must receive permission to use the product before applying for a concession to import the product into Poland.

Accession has complicated U.S. agricultural trade with Poland, as Poland now must enforce trade-restricting EU import requirements. For example, imports of U.S. poultry meat not for transshipment are prohibited due to the anti-microbial issue. Beef imports are blocked due to the hormone dispute and biotechnology constraints have adversely impacted U.S. soybean, corn and processed food product exports to Poland. As of January 1, 2006, beef tripe, imported to Poland from third countries will become a

harmonized product and will be treated as beef. As a result beef tripe will fall under the EU hormone ban restricting imports of U.S. beef to the EU.

Importers of meat, meat products, seafood and offal must obtain a veterinary permit and the health certificate issued by USDA's veterinary authorities must accompany each consignment. Veterinary permits are also required for the import of live animals. Veterinary permits for breeding livestock, semen, and embryos are not issued unless a positive opinion for the importation is received from the Central Animal Breeding Office. A phytosanitary import permit issued by Plant Quarantine Inspection Service is required for the import of all live plants, fresh fruits, and vegetables into Poland.

Poland's restrictions on all non-pharmaceutical Genetically Modified (GM) products are a major non-tariff trade barrier. Currently, Poland follows most European Union regulations regarding GM products. Legislation specifying the requirements for coexistence of GM cultivations with conventional and organic crops was rejected by Parliament in 2004. Poland currently does not produce or import any GM crops nor are any under development; however, there are valid import permits for protein concentrates based on GM soybeans for feed production. Additionally, in March 2005, the Polish Government implemented a two-year moratorium on the trade and planting of MON 810 maize.

## **U.S. Export Controls**

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A validated U.S. export license is required prior to shipping certain controlled commodities to Poland, as provided under the U.S. Department of Commerce's Bureau of Industry and Security Commodity Control List. For more information and assistance, please contact BIS's Office of Exporter Services at (202) 482-4811 or refer to BIS's web site at <http://www.bis.doc.gov>.

Poland is a member of the Wassenaar Arrangement and has established its own export control regime for munitions and dual use commodities.

## **Temporary Entry**

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A license is also required for temporary import of goods, which takes place under the supervision of Polish customs officials. Written confirmation is required, stating that the goods will be sent out of Poland on specific dates. A deposit is required for the import of the goods subject to clearance, which must be equal the value of the goods to be exported or the total import customs duty and taxes. Commercial samples of zero or low value can usually be imported free of customs duty by means of a written statement to Polish customs confirming the value of the sample and that it will stay in the possession of the importing entity. Temporary imports may also enter Poland under an ATA Carnet. Promotional materials must be clearly marked "no commercial value" in order to clear.

## **Labeling and Marking Requirements**

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As noted above, certificate of origin documents are required for importation. Labeling and packaging requirements also vary depending on the product. Consumer goods require a product description in Polish somewhere on or inside the package. Packaging should clearly indicate the country of manufacture. Packaged or canned food products require Polish language labels containing the product composition, nutritional value, an expiration date, the name and address of the producer or importer/distributor, and the product weight. The Polish government is considering requiring food products using Genetically Modified Organisms (GMOs) to be so labeled. Some U.S. companies have found that using the English language somewhere on the packaging (e.g. product name, promotional slogan) helps give the product additional prestige or value in the eyes of the Polish consumer.

## **Prohibited and Restricted Imports**

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The import of certain commodities into Poland is prohibited, usually as the result of international sanctions. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain food products, drugs, pharmaceuticals, environmentally hazardous products, seeds, weapons, explosives, antiques, etc.

## **Customs Contact Information**

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Customs duties are based on the CIF value of the product. The EU external tariffs are now binding in Poland. (see Import Tariffs section of CCG). Customs officials are extremely strict with regards to proper documentations. It is essential that exporters take care to fill out documents properly to avoid costly delays in customs clearance. Local customs brokers can be very helpful in avoiding such delays.

For direct contact with Polish Customs, please contact:

Customs Information

ul. Swietokrzyska 12

00-916 Warsaw

tel. +48 22 694 4479 or 694-3194

[http://www.mf.gov.pl/sluzba\\_celna/aktualnosci/index.php](http://www.mf.gov.pl/sluzba_celna/aktualnosci/index.php)

For more information on how to prepare export documents check our website:

[http://www.buyusa.gov/poland/en/doing\\_business\\_in\\_poland1.html](http://www.buyusa.gov/poland/en/doing_business_in_poland1.html)

## Standards

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## Overview

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Products tested and certified in the U.S. to American standards are likely to have to be retested and re-certified to European Union (EU) requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

([http://europa.eu.int/comm/consumers/cons\\_safe/prod\\_safe/index\\_en.htm](http://europa.eu.int/comm/consumers/cons_safe/prod_safe/index_en.htm))

European Union standards created in recent years under the New Approach are harmonized across the 25 EU member states and European Economic Area countries in order to allow for the free flow of goods. A feature of the New Approach is CE marking. While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations and technical standards might also become barriers to trade if U.S. standards are different from those of the European Union.

## Standards Organizations

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Polish standards that cover a wide range of products have been developed over the years by a central institution, the Polish Standards Committee (PKN). Since Poland joined the European Union, Polish standards have been adjusted to meet the EU Standards, a system based on self-certification and greater harmonization with international standards in general. PKN is the only Polish body that creates standards. When creating standards, they work closely with Polish research institutes and other technical organizations. In Warsaw standards documents can be purchased directly from the PKN office (ul. Swietokrzyska 14) and from its publisher, Alfa Wero, (ul. Sienna 63). Each province has a Standards Information office that provides standards documents as well.

PKN's annual standards plan is provided on its Polish website. PKN's monthly publication ("Miesięcznik Normalizacyjny") publishes information on standards that PKN is currently developing and projects of standards for reviews and comments.

In 2004, PKN became a member of the European Committee for Standardization (CEN) and the European Committee for Electrotechnical Standardization (CENELEC).

PKN participates in development of standards within international structures, European structures and on the national scale. In the telecommunications industry, PKN cooperates with the European Telecommunications Standards Institute (ETSI). Under a Memorandum of Understanding signed with ETSI, PKN acts as an ETSI National Standards Organization. PKN is also a member of International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC). PKN also participates in the Working Party for Technical Harmonization and Standardization Policies of the UN Economic Commission for Europe (UN/ECE).

<http://www.pkn.pl>

## **Standards**

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EU Standards setting is a process based on consensus initiated by industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

CENELEC, European Committee for Electrotechnical Standardization  
(<http://www.cenelec.org/>)

ETSI, European Telecommunications Standards Institute ([www.etsi.org](http://www.etsi.org))

CEN, European Committee for Standardization, handling all other standards  
(<http://www.cenorm.be/>)

Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" which monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies as well as through the American National Standards Institute (ANSI) <http://www.ansi.org/>. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away its individual standards at no charge on its website. In addition to the three standards developing organizations, the Commission of the European Union plays an important role in standardization through its funding of the participation in the standardization process of small and medium sized companies and non-governmental organizations, such as environmental and consumer groups. It also provides money to

the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical regulations. All EU harmonized standards, which provide the basis for CE marking, can be found on [www.newapproach.org/](http://www.newapproach.org/)

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its business development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which anticipate to become full members in the future) such as Albania, Bulgaria, Croatia, Romania, FYR of Macedonia, and Turkey. Another category, called "partner standardization bodies" includes the standards organizations of Russia, Bosnia-Herzegovina, Tunisia, Egypt, Serbia/Montenegro and the Ukraine, which are not likely to join the EU or CEN any time soon, but have an interest in participating in specific CEN technical committees. They agree to pay a fee for full participation in certain technical committees and agree to implement the committee's adopted standards as national standards. Many other countries are targets of the EU's technical assistance program, which is aimed at exporting EU standards and technical regulations to developing countries such as the Mediterranean and Balkan countries, some Latin American countries, China, and Russia.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "business domain" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to more quickly adapt to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU regulation, expectations are that they will eventually serve as the basis for a EU wide standard. [www.cenorm.be/cenorm/workarea/sectorfora/iss\(ict\)/index.asp](http://www.cenorm.be/cenorm/workarea/sectorfora/iss(ict)/index.asp)

## Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages of the production process to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. You can find conformity assessment bodies in individual member state country in this list by the European Commission <http://europa.eu.int/comm/enterprise/nando-is/home/index.cfm>. To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and the European Standard Agreement Group. CENELEC has its own initiative [www.cenelec.org/Cenelec/Homepage.htm](http://www.cenelec.org/Cenelec/Homepage.htm) ETSI does not offer conformity assessment services.

To sell their product on the EU market of 25 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this chapter provides some background and clarification.

In the eighties, the New Approach was launched to overcome the lengthy adoption process of “old approach” type legislation. The goal of the European Union’s harmonization program under the New Approach is to streamline technical harmonization and the development of standards for certain product groups, including, among others, machinery, toys, construction products, electromagnetic compatibility, personal protective equipment, non-automatic weighing instruments, medical devices, gas appliances, hot water boilers, and radio and telecommunications terminal equipment (RTTE). Under the New Approach, Directives cover essential safety, health and environmental requirements. The three regional European standards organizations, CEN, CENELEC and ETSI, are mandated by the Commission to develop technical standards that are consistent with the essential requirements of EU Directives.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE Marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the European Union. A manufacturer can choose not to use the harmonized EU standards, but must then demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design, rather than performance, standards are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the Member States, and its use simplifies the task of essential market surveillance of regulated products. Although CE marking is intended primarily for inspection purposes by EU Member State inspectors, the consumer may well perceive it as a quality mark.

The CE mark is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity, the certificate of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product’s technical file), or the documents accompanying the product.

## **Building Products: Special, Separate Technical Approval Required**

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A building product can be introduced into the Polish market with appropriate certification marks. The following marks are a proof that the product is safe and can be marketed in Poland:

- CE mark or
- Building mark B.

To get a CE mark for a product, a manufacturer or his authorized representative who has offices in the EU, must test the product to show that it adheres to a harmonized standard or a European technical approval, or technical specifications published by an EU member country.

To get the Building Mark B, a manufacturer headquartered in Poland, or an authorized representative (in case the manufacturer is from outside of Poland) must test the product for compliance with a Polish Standard or a technical approval. The manufacturer then issues a declaration of compliance with a Polish Standard and assumes full responsibility for the product quality.

The Polish marking system (Building Mark B) is complimentary to the European system. Gradually, as the number of products included in the harmonized standards or European technical approvals grows, it will be replaced by CE mark. .

The CE mark is required for: all building products for which there is a harmonized specification and for all other building products selected as requiring the CE mark.

The CE or Building B marks are required for: all building products for which there is a harmonized specification.

The Building B mark is required for all building products for which there are Polish standards or technical approvals.

Products that were made according to individual technical documentation for individual use in a specified building object do not require marking.

Products with no set standards, prior to being introduced on the Polish market require certification that they conform to existing building product standards. Products must receive technical approval via a document issued by designated research institutes. In Poland, the Institute for Building Technology (ITB) in Warsaw is the only body authorized to issue a technical approval. The Institute also performs tests for the vast majority of building products and materials. It works closely with the PKN (Polish Standards Committee) on standards for building products. (<http://www.itb.pl>)

## Accreditation

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The independent certification bodies, known as notified bodies, have been officially accredited by competent authorities to test and certify to EU requirements. However, under the U.S./EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, will be allowed to test in the United States to EU specifications, and vice versa. The costs will be significantly lower and U.S. products will, as a result, become more competitive. At this time, the U.S./EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (in transition), and recreational craft (in force). This link lists to American and European Conformity Assessment bodies operating under a mutual recognition agreement <http://ts.nist.gov/ts/htdocs/210/gsig/mra.htm>

Accreditation is handled at member state level. "European Accreditation" ([www.european-accreditation.org](http://www.european-accreditation.org)) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

## Publication of Technical Regulations

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The Official Journal is the official gazette of the European Union. It is published daily and consists of two series covering draft and adopted legislation as well as case law, questions from the European Parliament, studies by committees, and more (<http://europa.eu.int/eur-lex/en/index.html>). It lists the standards reference numbers linked to legislation. (<http://www.newapproach.org/Directives/default.asp>). National technical regulations are published on the Commission's website <http://europa.eu.int/comm/enterprise/tris/> to allow other countries/interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Labeling and Marking

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Labeling and packaging requirements vary depending on the product. Consumer goods require a product description in Polish somewhere on or inside the package. The use of language on labels has been the subject of a Commission Communication which encourages multilingual information, while preserving the freedom of Member States to require the use of language of the country of consumption.

Packaging should clearly indicate the country of manufacture. Packaged or canned food products require Polish language labels containing the product composition, nutritional value, date until valid, name and address of the producer, and the product weight. The Polish government is considering requiring food products using Genetically Modified Organisms (GMOs) to be so labeled. Some U.S. companies have found that using the English language somewhere on the packaging (e.g. product name, promotional slogan) helps give the product additional prestige or value in the eyes of the Polish consumer.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units, although dual labeling is also acceptable until end of December 2009. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the freedom of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 80/232/EC provides permissible ranges of nominal quantities, container capacities and volumes of a variety of products. [http://europa.eu.int/eur-lex/en/consleg/main/1980/en\\_1980L0232\\_index.html](http://europa.eu.int/eur-lex/en/consleg/main/1980/en_1980L0232_index.html)

## **The Eco-label**

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The EU adopted legislation in 1992, revised in 2000, to distinguish environmentally friendly production through a voluntary labeling scheme called the Eco-label. The symbol, a green flower, is a voluntary mark. The Eco-label is awarded to producers who can show that their product is less harmful to the environment than similar such products. This "green label" also aims to encourage consumers to buy green products. However, the scheme does not establish ecological standards that all manufacturers are required to meet to place product on the market. Products without the EU Eco-label can still enter the EU as long as they meet the existing health, safety, and environmental standards and regulations.

There are concerns in the United States that the EU Eco-labeling program may become a de facto trade barrier; may not enhance environmental protection in a transparent, scientifically sound manner; may not be open to meaningful participation by U.S. firms; and may discriminate unfairly against U.S. business. The EU Eco-label is a costly scheme (up to EUR 1,300 for registration and up to EUR 25,000/ year for the use of the label, with a reduction of 25 percent for SMEs) and has therefore not been widely used so far. However, the Eco-label can be a good marketing tool and, given the growing demand for green products in Europe, it is likely that the Eco-label will become more and more a reference for green consumers.

U.S. Mission to the E.U.  
Foreign Commercial Service  
Rue Zinner 13  
B - 1000 Brussels, Belgium  
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Gwen B. Lyle – Standards Attaché  
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CEN – European Committee for Standardization  
<http://www.cenorm.be>

CENELEC – European Committee for Electrotechnical Standardization  
<http://www.cenelec.org>

ETSI - European Telecommunications Standards Institute  
<http://www.etsi.org>

European Commission  
[http://europa.eu.int/comm/enterprise/standards\\_policy/](http://europa.eu.int/comm/enterprise/standards_policy/)

EFTA – European Free Trade Association  
<http://www.efta.int/>

NORMAPME – European Office of Crafts Trades and Small and Medium-Sized  
<http://www.normapme.com>

ANEC - European Association for the Co-ordination of Consumer Representation in  
Standardization  
<http://www.anec.org>

ECOS – European Environmental Citizens Organization for Standardization  
Boulevard de Waterloo 34  
B – 1000 Brussels, Belgium  
Tel: 32 2 289 10 93  
Fax: 32 2 289 10 99

EOTA – European Organization for Technical Approvals (for construction products)  
Avenue des Arts 40  
B – 1040 Brussels, Belgium  
Tel: 32 2 502 69 00  
Fax: 32 2 502 38 14  
[info@eota.be](mailto:info@eota.be)

EOTC – European Organization for Conformity Assessment  
<http://www.eotc.be>

## **Trade Agreements**

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The free trade agreements concluded by Poland before 1 May 2004 were revoked prior to Polish accession to the EU. Instead Poland adopted free-trade agreements concluded by the EU, as well as EU Generalized System of Preferences under which the reduced customs duty rates are applicable to goods imported from under-developed and the least developed countries. Based on GSP, goods coming from approximately 150 countries benefit from preferential customs duty rates.

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<http://clo.mg.gov.pl>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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General Attitude: Poland became a full member of the European Union on May 1, 2004. Before acceding to the EU, Poland harmonized its laws with Community legislation over the previous four years. According to EU officials, Poland has one of the highest degrees of compliance with EU regulations among the EU-25.

Foreign capital has played an important role in the transformation and development of the modern Polish market economy. Since 1990, Poland has attracted more than \$84.6 billion in foreign direct investment (FDI), principally from Western Europe and the United States. The Polish government encourages foreign investment and has implemented several measures designed to simplify requirements for foreign investors, including passing in July 2004 the “Law on Economic Freedom” which reduces the red tape related to registering a company. Following the 2001-2003 period, when foreign investment in Poland lost some of its impetus due to a general economic slowdown and sluggish privatization process. In 2004 and 2005 Poland has again become an attractive place for FDI. Poland’s membership in the EU-25 (with its 454 million people) and the country’s economic potential (5.4 percent growth in 2004 and an estimated 3.5 percent in 2005) have increased its attractiveness. EU accession is perceived by many firms to have reduced Poland’s country and investment risks. It also means an influx of billions of Euros in new financial resources such as structural funds and the Cohesion Fund, which can be used to support investments in transport infrastructure, environmental protection, and implementation of new production technologies.

Foreign companies enjoy unrestricted access to the Polish market, apart from legal limitations on foreign ownership of companies in selected strategic sectors and registration of medical products. One exception is real estate, particularly involving agricultural land, which remains politically sensitive for historic reasons. Public attitudes towards foreign investment are generally good, although specific cases of foreign investment have become controversial. For example, the major retail discount chains, primarily British, French and German, that have taken an increasing share of the Polish retail market continue to be criticized for driving smaller Polish-owned shops out of business. Poland has made progress over the last two years in improving the climate for foreign and domestic investment. In an attempt to stimulate business activity, strict banking regulations on the provisioning of loans have been relaxed reducing lending costs. Bankruptcy law and the administration of real estate registers have been improved. Binding tax interpretations have been introduced in January 2005, and corporate income tax has been cut from 27% to 19%. Simplification of VAT regulations is next on the Polish Government's agenda. Also reductions in income tax rates are expected in 2007.

**Major Laws and Regulations:** As befits a member of the OECD and the European Union, Poland has a legal regime that protects property rights and investment, allows private business activity in almost every sector of the economy, provides generally equal treatment for domestic and foreign companies and permits the repatriation abroad of profits and capital. Poland's 1997 Constitution protects the rights of private ownership and succession and states that expropriation is allowed solely for public purposes and only with just compensation.

The legal framework for the establishment and operation of companies in Poland, and in particular of companies with foreign investors, was significantly altered, when the new Commercial Companies Code took effect in January 2001, and later when the Law on Freedom of Economic Activity came into force on 2 July 2004. These new laws replaced existing legislation -- the 1934 Commercial Code and the 1999 Law on Economic Activity. The goal of these laws defines and limits the role of the state in economic and commercial life, notably by reducing the number of government approvals and inspections and setting simple and clear rules for undertaking and performing economic activity. One regulation most welcomed by entrepreneurs is the new regulation on binding tax interpretations. The GOP amended the Economic Freedom Act with the aim to create a business friendly environment in Poland.

Poland made considerable progress in adapting Polish law to the EU and OECD standards including implementation of the national treatment principle. With few exceptions, foreign investors are now guaranteed national treatment. Foreign ownership restrictions in a number of sectors (see below) were amended when Poland joined the EU, in conformity with EU law. Companies, which prior to 1 May 2004, did not have any subsidiary in a European Union country, but conducted and continue to conduct or plan to start business operations in Poland must observe all EU regulations, but will not be able to benefit from all the privileges to which EU companies are entitled. In April 2002, the Polish Parliament passed a law on the financial support of investments. In line with this Law a company investing in Poland, foreign or Polish, may receive assistance from the Polish government.

Under the 2000 Commercial Code (amended as of 15 January 2004), companies can be established as joint-stock companies, limited liability companies, limited joint-stock

partnerships, professional partnerships, registered partnerships, and limited partnerships. All of these are available to a foreign investor, provided the investor has the right of permanent residence in Poland and originates from a country offering reciprocity for Polish enterprises. If the above conditions are not met, the investor may establish only a limited partnership, a limited liability company, a joint-stock company or purchase shares of a company. Such investors are not subject to further limitations on the form of economic activity they chose to undertake.

The July 2004 Economic Freedom Act replaced the previous 1999 Law on Economic Activity and revised rules for establishing branch and representative offices. Branch offices are registered in the National Court Register under the name of the foreign investor, with the notation "branch in Poland." A branch office can perform any activity within the scope of business of the parent foreign investor who established the branch. Representative offices are limited in their activities to promotion and advertising for the parent foreign investor. Representative offices are registered in a special log kept by the Minister of Economy, who must obtain the opinion of the appropriate ministry or administrative authority responsible for the sector in which a foreign investor wants to operate. Registration may be refused in certain situations provided by law (e.g., if required documents are not submitted on time; or on national security grounds). Establishing a branch or representative office no longer requires obtaining any permits from administrative authorities, as was required before. In both cases, registration and an entry into the appropriate register is obligatory. Offices established prior to 2001 will conduct their activities based on previous regulations until their operating permit expires.

According to the Law on the National Court Register of October 1997, as of January 2001, all companies, commercial partnerships, and sole proprietorships must be registered in the Register of Entrepreneurs, which is that part of the National Court Register managed by district courts. Even companies that are already entered in the commercial register must register in the National Court Register. The Register of Entrepreneurs is open to the public.

Screening and Licensing: Poland does not have any general screening mechanism for entry and establishment of businesses by foreign firms. Authorization requirements and foreign equity limits do exist for a limited number of sectors. The Law on Freedom of Economic Activity requires a permit from the Treasury Ministry for certain major capital transactions, or lease of assets, with a state-owned enterprise. Furthermore, that law restricts investment in certain sectors to Polish entities based on considerations of "public security." For example, only a Polish entity can establish an airport, but licenses and concessions for defense production and management of seaports will be granted on the basis of national treatment for investors from OECD countries.

Polish law establishes the following ceilings on the share of foreign ownership: air transport (49 percent); radio and television broadcasting (49 percent); and gambling (0 percent). Furthermore, in some sectors (insurance) it is required that at least two members of management boards know the Polish language. In some fields (e.g., broadcasting) the number of Polish citizens on supervisory and management boards must be higher than the number of foreigners.

The sale of agricultural land to foreigners has long been a sensitive issue. The 1920 Law on Acquisition of Real Estate by Foreigners prohibited a foreigner from acquiring real estate without Polish Government permission. In 1996, Poland liberalized that law

as part of its effort to join the OECD. From the day of accession to the EU, foreigners of the European Economic Area (EEA) countries generally do not need permission to purchase real estate and to acquire or receive shares in a company, which own real estate in Poland. There are two exceptions: the acquisition of agricultural real estate where Poland was granted consent to introduce 12-year transition periods with respect to unrestricted acquisition of agricultural real estate by foreigners (with certain exceptions); and the acquisition of the so called "second houses" where a 5-year transition period was introduced (with some exceptions). After Poland's accession to the EU the requirements of the Act on Acquisition of the Real Estate by Foreigners to obtain the permit from the Ministry of Internal Affairs and Administration (with the consent of the Defense and Agriculture Ministries) still apply to foreigners from non-EEA countries. Non-EEA foreigners are allowed to own an apartment, 0.4 hectares (4,000 square meters) of urban land, or up to one hectare of agricultural land without a permit. Companies report that procedures on acquisition of the real estate are transparent and the whole process is not burdensome. Permission might be refused for reasons of social policy or public security.

A foreign business intending to buy real estate in Poland may apply for a provisional permit from the Ministry of Interior and Administration, which is valid for up to six months, during which time the company is expected to assemble documents demonstrating it is a viable business. The Ministry rarely turns down final permits once the company presents its formal application.

Foreign and domestic investors alike must obtain governmental concessions, licenses or permits to engage in certain activities. For example, the National Bank of Poland (central bank) and the Finance Ministry issue banking licenses; the Finance Ministry provides permission to operate an insurance company; the Securities and Exchange Commission grants licenses for brokerage activities; the postal and telecoms regulator URTiP issues licenses for telecommunication and courier services; the National Broadcasting Council issues radio and television broadcasting licenses; the Economy Ministry gives permits for foreign trading in certain goods and services; the Health Ministry authorizes permits for the pharmaceutical and medical materials sectors; the Infrastructure Ministry provides licenses for air, international road, rail and maritime transport, and the construction and exploitation of highways; local governments provide permits for buses and taxis, waste disposal, pharmacies, and extraction of minerals; the Interior Ministry licenses the arms industries and security services; and the Agriculture Ministry provides permits for alcohol and tobacco industries. This process was liberalized first in 2001 and then in 2004, when the number of sectors in which concessions are required was reduced from 27 to 9 and then to 6 -- broadcasting, aviation, energy, weapons, mining, and private security services.

Privatization Program: Out of the initial number of 8,600 state owned companies almost 5,700 have been completely or partially privatized as of the end of 2005. State owned companies account for over 20 percent of economic activity. Although the government has set a goal of reducing the state's share in Poland's Gross Domestic Product (GDP) to 10-15 percent by 2006 and privatizing all sectors in which the State is not planning to maintain its control by the end of 2005, this process will last a few years longer. The pace of privatization has been slowed as many of the more attractive companies in the state-owned sector have already been sold, while those remaining are, to a significant extent, in financial difficulties and in need of restructuring. Examples of the latter include state-owned companies in the coal, steel, electric power, gas, chemical, and defense

industries. To date, the government in each major privatization (except for bank PKO BP in which the State wants to remain a majority stock-holder) has invited foreign investors to compete for a strategic interest. This openness to foreign investment has drawn objections from some commentators and politicians who fear that foreigners are acquiring too large a share of the Polish economy. Concern is frequently voiced about the level of foreign ownership of the banking sector, where foreign-controlled banks currently hold around 80 percent of assets. The new government plans to continue privatization processes in Poland.

**Discrimination against Foreign Investors:** Generally, foreign investors receive similar treatment as domestic investors both at the time of their initial investment and after the investment is made. In the past there have been complaints about discrimination in public procurement contracts resulting from provisions in legislation favoring domestic firms. Since May 2004, when selecting suppliers and service providers in public contracts, all public authorities must apply the Public Procurement law of January 2004. Under this law, a joint venture between foreign and domestic firms qualifies as "domestic" for procurement considerations. On joining the EU Poland has acceded to the WTO Government Procurement Agreement.

## **Conversion and Transfer Policies**

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**Restrictions on Converting or Transferring Funds:** Poland provides full IMF Article VIII convertibility for current transactions. The new Foreign Exchange Law came into force on 1 October 2002 replacing the Foreign Exchange Act of 1998 and lifting restrictions on capital movement. The Polish foreign exchange law fully conforms to the OECD Codes of Liberalization of Capital Movements and Current Invisible Operations.

The new law introduces a distinction between non-residents from EU countries and non-residents from third countries. It breaks the latter into not only non-EU countries, but also to non-OECD and non-European Economic Area (EEA) countries. Non-residents from the EU (as well as OECD and EEA) are treated with priority and currency transactions in their case are subject to more lenient provisions than currency transactions with non-residents from third countries. The foreign exchange law defines restrictions and obligations connected with transactions turnover in foreign exchange. Exceptions from those restrictions and obligations requires a general (issued by the Minister of Finance in the form of a decree) or individual foreign exchange permit.

Foreign exchange permits issued by the National Bank of Poland (NBP) are needed to:

- determine and accept amounts due from non-residents by residents in currency other than convertible currency (the list of convertible currencies is published by the President of NBP on the web);
- export and dispatch abroad of domestic and foreign currencies of an amount exceeding EUR 10,000 (within the framework of a single transaction) excluding exporting and dispatch abroad of domestic and foreign currencies by non-residents should they have previously imported them into the country and duly declared this upon customs clearance;
- open accounts in banks and branches of banks, located in third countries, both directly and through other entities, by residents;

- make payments between residents in foreign currencies, excluding payments between private individuals, if they are not connected to the management of a business activity;
- conduct office-related exchange activities.

Special restrictions may be introduced on foreign exchange transactions with foreign countries, if they are necessary to:

- implement the decisions of the authorities of international institutions, of which the Republic of Poland is a member;
- ensure public order and security;
- ensure balance of payments, in the case of its general imbalance or a sudden economic slump;
- ensure the stability of the Polish currency in the event of sudden fluctuations of its exchange rate or any threat in this matter.

Generally, all operations and payments in Poland must be made in the Polish currency (zloty).

Transfer of sums by non-residents that are subject to taxation may be carried out only after the presentation of a confirmation from a tax office verifying the payment of the due taxes.

A foreigner who does not need a permit may convert or transfer currency to make payments abroad for goods or services and also may transfer abroad his share of after-tax profit due from operations in Poland. Capital brought into Poland by foreign investors may be freely withdrawn from Poland in instances of liquidation, expropriation, or decrease in capital share. Full repatriation of profits and dividend payments is allowed without obtaining a permit. However, a Polish company (including a Polish subsidiary of a foreign company) must file withholding tax with the Polish tax authorities on any distributable dividends unless a double taxation treaty is in effect. There is a double taxation treaty with the United States. An exporter may open foreign exchange accounts in the currency it chooses.

**Availability of Foreign Exchange and Remittance:** Foreign exchange is widely available through commercial banks, as well as exchange offices. Payments and remittances in convertible currency may be made and received through a bank authorized to engage in foreign exchange transactions; most banks have such an authorization. Poland does not prohibit remittance through a legal parallel market, including one utilizing convertible negotiable instruments (such as dollar-denominated Polish bonds in lieu of immediate payment in dollars). As a practical matter, however, such payment methods are rarely, if ever, used. Foreign investors have not complained of any significant difficulties or delays in remitting investment returns such as dividends, return of capital, interest and principal, lease payments, royalties or management fees.

## **Expropriation and Compensation**

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Since the collapse of communism in 1989, potential expropriation in Poland has not been an issue. The Law on Land Management and Expropriation of Real Estate provides that property may be expropriated only in accordance with statutory provisions such as the construction of public works, national security considerations or other

specified cases of public interest. Full compensation, at market value, must be paid for the expropriated property. Article 21 of the Constitution states that "Expropriation is admissible only for public purposes and upon equitable compensation." Although there have been no cases of expropriations since reforms began in 1990, the implementation of a major highway construction program in Poland may involve some expropriations of land under the above-mentioned law. There may also be challenges brought by companies investing in electricity generation plants related to a draft law, which would cancel long-term energy contracts.

## **Dispute Settlement**

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**Government's Handling of Investment Disputes:** There have been occasional investment disputes between foreign investors and the government. Frequently these involve state-owned enterprises. Currently there is a dispute (in international arbitration) between the Polish leading insurer – PZU and the Dutch financial group Eureko, which started in 2003 over a purchase of a majority stake in PZU. The continuing sale of state-owned enterprises, the government's move towards full adoption of EU regulations, and the passage of legislation more clearly defining the role of the state in economic activity should all lead to a reduction in the sort of investment disputes seen over the last sixteen years.

**The Polish Legal System:** Generally, foreign firms are wary of the slow and over-burdened Polish court system and prefer to rely on other means to defend their rights, notably international arbitration. Similar to the French and German systems, the Polish legal system is a prosecutorial one. Contracts involving foreign parties normally have a dispute settlement clause that gives terms for arbitration of possible dispute in a third country court (in Britain or Switzerland, for example, in the case of a dispute between U.S. and Polish parties). Poland has a bankruptcy law. Declaration of bankruptcy may be filed by a company's creditors or governing bodies. Every creditor of an insolvent company lays claims to his liability in writing. Liabilities are repaid in the following order: cost of legal proceedings; employee remuneration; liabilities to the State and Social Security Fund (ZUS), secured by a mortgage or pledge; other liabilities secured by mortgages or pledges; other taxes and other public liabilities; other liabilities. Prior to 1998, a secured creditor's position could be superseded by subsequent tax arrearages and other secured credits. The Mortgage Banking Act of 1997 and the Law on Registered Pledges and Pledge Registry of 1997 protect qualified mortgagors and secured creditors against subsequent tax liens and other secured and unsecured claims. Instead of liquidation, the bankruptcy proceedings may be finalized by an agreement between the company and its creditors.

A new Bankruptcy Law of 28 February 2003, which became effective on 1 October 2003, increases creditors rights. This Law introduces a new body – creditors preliminary assembly, a tool designed to enable creditors to influence bankruptcy proceedings. Creditors Assembly has the right to decide, at the initial stage of bankruptcy process, whether a debt settlement agreement is possible or assets of a bankrupt company should be liquidated. Introduction of the new body considerably increases creditor's role in bankruptcy proceedings. Monetary judgments are usually made in local currency.

International Arbitration: Decisions by an arbitration body are not automatically enforceable in Poland, they must be confirmed by a Polish court. Poland is party to four international agreements on dispute resolution, with the Ministry of Finance acting as the government's representative:

1. 1. The 1923 Geneva Protocol on Arbitration Clauses
2. 2. The 1958 New York Convention on the Recognition and Enforcement of International Arbitration Awards
3. 3. The 1961 Geneva European Convention on International Trade Arbitration
4. 4. The 1972 Moscow Convention on Arbitration Resolution of Civil Law Disputes in Economic and Scientific Cooperation

Poland is not a member of Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

## **Performance Requirements and Incentives**

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Trade-Related Investment Measures (TRIMs):

Notification/Compliance: Poland notified the WTO that on January 1, 1997, it terminated the measure notified previously under Article 5.1 of the TRIMs. This measure, which had concerned tax rebates limited to domestic cash registers. It was the only one that Poland had given notice of to the WTO.

Performance Requirements: Poland generally does not impose performance requirements for establishing or maintaining an investment. However, in connection with the privatization of certain large companies the government and the purchasers have negotiated terms that included performance requirements. For example, Fiat and Daewoo agreed, among other things, to meet certain negotiated production targets and investment and employment levels when they bought state-owned car plants. As discussed above, there are limits on foreign participation in certain economic activities, such as broadcasting.

Investment Tax Incentives: Regulations on special economic zones and on public assistance to entrepreneurs provide the basis for exemptions from income tax or other incentives. These have been reviewed as Poland negotiated the terms of its entry into the EU and EU norms on the allowable level of public assistance to private companies begin to apply. Existing tax and other investment incentives are based on the relative prosperity of the region where the investment is based, the size of the investment and the number of jobs created. Strategic investors may obtain real estate tax exemption or reduction as well as additional local incentives. All such exemptions need to be negotiated with the local authorities.

Foreign Participation in Government Financed Research: Foreign companies have not participated in government-funded research and development projects managed by the Committee for Scientific Research (KBN). Nonetheless, there is no proscription against such participation.

Visa and Work Permit Requirements: Foreign investors can and do bring personnel into Poland. Poland's visa and work permit requirements allow foreigners to live and work in

Poland. However, many firms and foreigners in practice have had difficulty in obtaining both documents. Work permits are issued by local authorities, which vary in the speed with which they issue permits. Poland requires an applicant to receive a visa in his or her home country, rather than in Poland or in neighboring countries. This procedure is often burdensome. Provided no labor market disruptions are observed, 2009 will mark the end of transition period for the complete freedom of movement for workers - Community nationals - in the enlarged Union.

**Discriminatory or Preferential Export/Import Policies:** The government supports exporters through export credit guarantees from a state-owned insurance entity (KUKE). KUKE provides credit guarantees for all firms registered in Poland (this includes foreign firms and firms with foreign capital). However, for products subject to export contracts, the Minister of Economy (in agreement with the Minister of Finance) establishes a minimum percentage share of components of Polish origin in the final product for it to be considered a domestic product. Before EU entry the minimum percentage share has been 50 percent. This regulation is being amended to comply with EU regulations. In February 2002, the Ministry of Finance signed an agreement with Bank Gospodarstwa Krajowego (BGK) on subsidies on interest and export credits with the aim to make it easier for exporters to obtain cheaper credits to finance exports.

## **Right to Private Ownership and Establishment**

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**Rights of Ownership and Establishment:** Domestic and foreign private entities have a general right to establish and own, as well as dispose of, a business and to engage in almost all forms of lawful economic activities. Article 64 of the Constitution provides: "Every person has the right to ownership, other property rights, and the right of inheritance. Ownership, other property rights, and the right of inheritance are subject to legal protection that is equal for all. Ownership may be restricted only by law and only to the extent to which it does not abridge the essence of the right of ownership." In the case of land, a second form of title is the perpetual lease, under which the lease holder generally controls the property for 40 to 99 years, and which can be extended for up to 99 additional years. Such a perpetual tenant has the right to dispose of its interest in the land by sale, gift, or bequest. As discussed above in Section A.1., there are a few sensitive areas in which participation of foreigners is restricted, e.g., broadcasting, air transportation and gambling; further, foreign ownership of other than a small amount of real estate requires a government permit. Apart from these restrictions, foreign entities can freely establish, acquire and dispose of interests in business enterprises.

The Civil Code, as amended, regulates property rights between individuals or legal entities. The amendment of July 1990 reintroduced the basic standards of free market economy and ownership. Civil Code regulations are based on the principles of equality of all parties, regardless of their ownership status, equivalency of obligations, discretion, protection of private ownership and freedom of contracts.

**Competitive Equality:** The private sector has expanded rapidly since 1989 and now dominates almost every sector of the economy, although state-owned entities still dominate such sectors as coal, steel, and utilities. The private sector is estimated to employ over two-thirds of Poland's labor force and to produce around 75 percent of GDP. Competition between privately owned and state-owned enterprises is being

replaced by competition among private firms. Officials at various levels of government occasionally exercise their discretionary authority to help state-owned enterprises. For example, tax authorities have not pressed some large, troubled state-owned enterprises to pay their taxes, in order to avoid putting them into bankruptcy. Nevertheless, in line with EU standards governing competition, the new commercial code that took effect in 2001 (see Section A.1.) has established a more level playing field. With EU accession, government activity that advantages state-owned firms comes under careful scrutiny by Brussels.

## Protection of Property Rights

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**Real Property:** Poland's legal system protects and facilitates the acquisition and disposition of property. Mortgages do exist, and, as of 2002, the mortgage market is expanding quickly, albeit from a low base. The 1997 Mortgage Banking Act provides that a recorded mortgage by a licensed mortgage bank will take priority over subsequent tax liens and other secured and unsecured claims.

**Chattel/Personal Property:** The 1997 Law on Registered Pledges and Pledge Registry provides protection for secured creditors and establishes a new registry system. Creditors may place liens on assets and rights, both present and in the future.

**Legal System:** Poland has a non-discriminatory legal system accessible to foreign investors that protects and facilitates acquisition and disposition of all property rights, such as land, buildings and mortgages. Many investors -- foreign and domestic -- complain the judicial system is slow. Foreign investors often voice concern about frequent or unexpected changes in laws and regulations. Now that Poland joined the EU, it should improve.

**Intellectual Property Rights:** In early 2000, Poland passed major new legislation governing intellectual property rights, bringing Poland into compliance with its obligations under the WTO TRIPS Agreement and to EU. Amendments to the 1994 Copyright law extended coverage to pre-1974 sound recordings, removing major shortcomings in Polish law. Upon EU accession on May 1, 2004, the Minister of Culture issued a regulation mandating creation of a register of information concerning OD production and identification codes. The new Industrial Property Law replaced existing regulations governing patents, trademarks and other industrial property. The length of protection afforded to proprietary research test data submitted by pharmaceutical companies now matches EU standards. However, piracy of intellectual property still remains a problem in Poland. Polish authorities have made progress in the last two years, however much remains to be done to protect IPR. In recognition of the GOP's efforts to fight piracy, Poland was placed on the USTR "Watch List" in 2005. Improved penal provisions in the new legislation should help curb piracy, as will on-going judicial reforms. Poland continues to implement provisions of the 2003 strategy to improve copyright and patent enforcement.

**Transparency/Bureaucratic Burden:** The government acknowledges that its policies are not as transparent as they ought to be and that bureaucratic requirements continue to impose a burden on investors. Reforms designed to deregulate, increase transparency, and promote competition have been introduced as part of the broader process of EU accession. Although there are fewer complaints about uneven treatment, regulatory unpredictability and still high level of administrative red tape are recurring complaints of investors, both domestic and foreign. The government is addressing this problem gradually within the framework of the "Entrepreneurship First" reform program.

**Competition:** Poland made considerable progress in adapting its industry to the needs of an economy based on competition. In the 90's, reforms in the energy sector began, and many sectors including trade, finance, insurance, telecommunication, motor industry and construction have been privatized. In acceding to the EU, Poland adopted Community regulations in the area of public aid. Nevertheless, competition policy in Poland remains an area of concern, because roughly 25 percent of output still comes from the state-owned sector. The government seeks to encourage the competition necessary for a free-market economy primarily through privatization and restructuring of most of the remaining large state-owned enterprises and deregulation. In addition, the Office for Competition and Consumer Protection is responsible for promoting fair competition in the market and for tracking and elimination of anti-competitive practices.

**Tax, Labor, Health and Safety, and Other Laws as Impediments:** Foreign and domestic investors must comply with a variety of laws concerning, among other things, taxation, labor practices, health and safety, and the environment. Complaints about these laws, especially the tax system, center on the lack of clarity and often-draconian penalties for minor errors. This should improve once the regulations of the Law on Freedom of Economic Activity, on the reduced number and duration of inspections, and binding tax interpretations are fully implemented.

Revisions to the corporate tax code in late 1999 and then in 2003 introduced greater transparency and lowered rates to spur new investment. Taxes on corporate income fell from 30 percent in 2000 to 27 percent in 2003 and 19 percent from 2004. The government has also introduced in 2004 a 19% flat-rate income tax for small business to accelerate economic growth. Further changes in corporate taxes are possible not earlier than in 2007.

Poland's rigid labor code has been cited by employers as a barrier to new job creation, particularly among small and medium-sized enterprises. In response to growing unemployment, politicians, unions and employers have been debating means to reduce this burden. In fall 2002, the Parliament passed a package of legislative changes introduced by the government with the intention to create new jobs. A number of the amended labor regulations came into force in 2003, other are on the way.

*Capital Markets:* Poland's policies facilitate the free flow of financial resources. Banks can and do lend to foreign and domestic companies. Companies also can and do borrow abroad and issue commercial paper. Poland has developed healthy equity markets. The 1991 Law on Public Trading in Securities and Trust Funds created the regulatory framework for operations on the capital market and introduced its major agents: the Securities and Exchange Commission; the stock market; and the stock-broker. This Law was replaced with the 1997 Law on Public Trading and Securities (with amendments in 2001 and 2004). Since the opening of the Warsaw Stock Exchange (WSE) in 1991, the number of listed joint stock companies has increased from five to over 250 in 2005. At the end of 2005, 35 companies were floated on the WSE, the same number as in 2004. They represent various sectors of the Polish industry with energy, chemical, and food industry in the lead. The number of foreign companies listed on the WSE increased from four in 2004 to seven in 2005. They represent such countries as: Hungary, Austria, and the U.S. Capitalization of the WSE has grown from \$142 million in 1991 to over \$95 billion in 2005. Poland intends to build Central and Eastern Europe's strongest capital market by 2010 and increase WSE's capitalization to 50 percent of GDP reaching the average in the EU. A modern trading system (Warset) was launched on the WSE in 2000, based on a similar system used by the Paris bourse. The system enables direct cooperation with other stock exchanges in Europe. There is also an over the counter market, the Central Table of Offers (CeTO), and the Electronic Treasury Securities Market (ETSM) which operates on a basis similar to NASDAQ. At the end of 2004, the GOP approved a plan to privatize the WSE, enabling the Polish capital market to integrate itself more fully with other European exchanges. The new government (formed after the October 2005 elections) will decide whether to go ahead with the privatization process in early 2006.

The May 27, 2004 Act on Investment Funds allows for open-end, closed-end, mixed investment funds and development of securitization instruments in Poland. In general, no special restrictions apply to foreign investors purchasing Polish securities. However, as a general rule, corporate bonds are not often traded, and therefore can be difficult for foreign investors to buy. Investment funds are a rapidly growing segment of Poland's capital markets.

Venture capital activity is conducted by investment funds, consulting companies, investment banks, special funds belonging to financial corporations, and companies in the IT sector. Most of those are foreign companies or companies with a foreign shareholder, mainly due to the lack of funding and experience in this type of activity on the domestic market. Most companies established by venture capital funds operate in the IT and media sectors.

*Credit Allocation:* Credit allocation has been on market terms. The government, however, has some programs offering below-market rate loans to certain domestic groups, such as farmers and homeowners.

*Access:* Foreign investors and domestic investors have equal access to the Polish financial markets. Most private Polish investment is still financed from retained earnings, while foreign investment is mainly direct investment, using funds obtained outside of Poland. More and more Polish firms are raising capital in Europe or the U.S.

**Legal, Regulatory and Accounting Systems:** Due to recent amendments and interpretations, the Polish accounting standards do not differ significantly from international standards. In cases, where there is no national accounting standard, the appropriate International Accounting Standards may be applied. As of 1 January 2005, all companies listed on the Warsaw Stock Exchange are obliged to prepare their financial statements in accordance with the International Financial Reporting Standards. Poland is in the process of harmonizing legal, regulatory and accounting systems with those in the EU, which sometimes lack transparency. The major international accounting firms provide services in Poland and they are familiar with the U.S., EU and Polish accounting standards.

**Portfolio Investment:** The Polish regulatory system fosters and supervises the portfolio investment market. Both foreign and domestic persons may place funds in demand and time deposits, stocks, bonds, futures and derivatives. The stock and Treasury bill markets are fairly liquid, but many other investments are not, such as Treasury bonds. The Polish Securities and Exchange Commission has built a strong reputation for supervising the stock market.

**Banking System:** The banking sector is dominated by twelve large commercial banks, two of which are controlled by the State Treasury and the remaining ten by foreign institutions. The Polish banking system is considered one of the best regulated and supervised in Central and Eastern Europe. At the end of June 2005, the banking sector had total estimated assets of almost \$171 billion. The National Bank of Poland reported that, among commercial banks, 13.8 percent of assets were non-performing at the end of June 2005, compared with 14.8 percent at the end of 2004. In 2004, Poland liberalized regulations on obligatory reserves, reducing banking sector's burdens and improving its performance. In 2005, concentration of the banking sector in Poland decreased. At the end of June 2005, the share of the ten biggest banks in the sector's assets reached 70.5 percent (71.8 in 2004), and in credits -- 66.0 percent (66.6 percent in 2004). The share of those banks has decreased systematically since 2001, the year of the most intensive mergers in the banking sector.

**Cross-shareholding:** Cross-shareholding arrangements are rare and so far have played a minor role in the Polish economy.

**Hostile Takeovers:** Neither the government nor private firms have taken measures to prevent hostile takeovers by foreign or domestic firms. Hostile takeover attempts are still rare.

**Standards-setting Organizations:** Governmental agencies, and not companies, set industry standards. These agencies are not required to consult with domestic or foreign firms when establishing standards, though the former much more than the latter tend to play an influential role in the process.

## **Political Violence**

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Poland is a politically stable country. There have been no confirmed incidents of politically motivated violence toward foreign investment projects in recent years.

Objection to foreign investment is a theme heard from fringe political parties. Poland has neither belligerent neighbors nor insurgent groups. The Overseas Private Investment Corporation (OPIC) provides political risk insurance for Poland.

## **Corruption**

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**Anti-Corruption Laws and Regulations:** Polish laws and regulations provide a legal basis for combating corruption. Bribery is a criminal offense and grease payments are not tax-deductible expenses. The Finance Ministry's tax authorities concede, however, that bribes can be disguised as other payments, which are deductible. One of the chief tools in preventing corruption is a transparent system of government procurement by open tender at all levels of government. A 1997 law restricts economic activity for people holding public positions. This law prevents a public official from engaging in business activities where he or she would have a conflict of interest while he or she is an official and for one year thereafter. The law applies to parliamentarians, government officials, and local officials. On 1 July 2003, new penal code regulations combating corruptions come into force. These amendments include: no punishment for those from whom bribes are extracted when they inform police about this fact; new broader definition of a public official, which includes local government officials, doctors, and CEOs; seizure of assets if an accused person does not manage to prove they come from a legal source.

**OECD Anti-Bribery Convention:** Poland ratified the OECD Convention on Combating Bribery in 2000; implementing legislation became effective February 3, 2001.

**Cases of Corruption:** Reports of alleged corruption are publicized. They often appear in connection with privatization, government contracting, and the issuance of a regulation or permit that benefits a particular company. In 2004 two major investigations were launched on suspected corruption cases in Poland. The companies involved were PKN Orlen (the biggest refinery in Poland) and PZU (Poland's biggest insurance company). Reportedly, corruption by customs and border guard officials, tax authorities, and local government officials often occurs and, if discovered, is usually punished. Businesses report that Polish officials have asked for political campaign contributions in return for favorable treatment. Overall, U.S. firms have found that maintaining policies of full compliance with the U.S. Foreign Corrupt Practices Act is effective in building a reputation for good corporate governance and that doing so is in no way an impediment to profitable operations in Poland.

**Combating Corruption:** Corruption is widely recognized as a problem in Poland, as well as a restraint on economic growth and development. Public debate on the subject is growing. The new Prime Minister, Kazimierz Marcinkiewicz, is planning to establish a Central Anticorruption Office to combat corruption practices in Poland. The private sector is now paying greater attention to fighting corruption. In 1998, concerned Poles established the Polish chapter of Transparency International. Several other NGOs have launched campaigns to increase public awareness. Business groups, including the American Chamber of Commerce, have also been vocal on the subject.

**Bribery of a Domestic Official:** Bribery and abuse of public office are crimes under the Polish Criminal Code.

Bribery of a Foreign Official: Legislation implementing the OECD Convention classifies the payment of a bribe to a foreign official as a criminal offense, the same as if it were a bribe to a Polish official.

Enforcement Agencies: The Justice Ministry and the police are responsible for enforcing Poland's anti-corruption criminal laws; the Finance Ministry administers tax collection and is responsible for denying the tax deductibility of bribes.

Convictions: No foreign investor or major government official has been found guilty of corruption. A number of officials have been investigated. During 2003 and 2004 the Sejm held sensational hearings with regard to possible malfeasance by officials and corporate chiefs in development of a scheme to acquire media assets. The case has encouraged public support for anti-corruption enforcement.

## **Bilateral Investment Agreements**

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Bilateral Investment Agreements: As of December 2002, Poland had ratified 56 bilateral investment agreements: Albania (1993); Argentina (1992); Australia (1992); Austria (1989); Bangladesh (1999); Belgium and Luxembourg (1991); Belarus (1993); Bulgaria (1995); Canada (1990); Chile (2000); China (1989); Croatia (1995); Cyprus (1993); the Czech Republic (1994); Denmark (1990); Egypt (1998); Estonia (1993); Finland (1998); France (1990); Germany (1990); Greece (1995); Hungary (1995); India (1997); Indonesia (1993); Iran (2001); Israel (1992); Italy (1993); Kazakhstan (1995); Kuwait (1993); Latvia (1993); Lithuania (1993); Malaysia (1994); Moldova (1995); Morocco (1995); the Netherlands (1994); Norway (1990); Portugal (1993); Romania (1995); Singapore (1993); Slovenia (2000); Slovakia (1996); South Korea (1990); Spain (1993); Sweden (1990); Switzerland (1990); Syria (1996); Thailand (1993); Tunisia (1993); Turkey (1994); Ukraine (1993); United Arab Emirates (1994); the United Kingdom (1988); the United States (1994); Uruguay (1994); Uzbekistan (1995); Vietnam (1994); and Yugoslavia (1997).

Agreements with the United States: The United States and Poland signed a Treaty Concerning Business and Economic Relations in 1990; it entered into force in 1994 for an initial period of ten years. The Treaty grants U.S. investors domestic privileges and provides for international arbitration in the case of investment disputes. In 1974, the United States and Poland signed a double taxation treaty. Prior to accession to the EU Poland reviewed its agreements with third countries for their compatibility with EU law. In June 2004, Poland completed the necessary amendments to bring the bilateral U.S.-Polish economic treaty into compliance with EU regulations. Ratification of the amended bilateral treaty on business and economic relations took place in October 2004.

## **OPIC and Other Investment Insurance Programs**

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OPIC: The Overseas Private Investment Corporation (OPIC) provides political risk insurance for U.S. companies investing in Poland against political violence, expropriation, and inconvertibility of local currency. OPIC offers medium- and long-term

financing in Poland through its direct loan and guarantee programs. Direct loans are reserved for U.S. small businesses or cooperatives and generally range from \$2-10 million. Loan guarantees are issued to U.S. lending institutions and range from \$10-75 million, and in certain instances up to \$200 million.

MIGA: The World Bank's Multilateral Investment Guarantee Agency also provides investment insurance similar to OPIC's for investments in Poland.

Foreign Exchange: Poland maintains full convertibility of the zloty, apart from a few restrictions on short-term capital movements. Foreign currency is freely available from the banking system. Since March 2000, Poland has maintained a freely floating exchange rate regime. As part of its EU membership, Poland must enter the European Exchange Rate Mechanism (ERM2) at some point. The earliest possible date was two years after the accession (mid-2006). The new government is not eager to speed up the process. Most observers seem to agree that Poland will not enter the Eurozone before 2010 and 2012 is mentioned as a possible entry date. The National Bank of Poland, the Ministry of Finance and the European Central Bank will have to meet and agree on whether Poland has met the necessary targets for inflation and budget deficit, after which they will jointly set an exchange rate at which the Euro will be adopted.

## **Labor**

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Poland has a well-educated, skilled labor force. Productivity remains below western standards, but is rising rapidly. Unit costs remain competitive. At the end of October 2005, the average gross wage in Poland was \$780 per month. Polish workers are usually eager to work for foreign, especially American, companies. Most aspects of employee-employer relations are governed by the 1996 Labor Code, which lists employee and employer rights in all sectors, both public and private, and is gradually revised in order to adapt it to the changing environment. The Polish government adheres to the International Labor Organization (ILO) Convention protecting worker rights.

Poland's economy employed around 13 million people at the end of 2005 with around 17.5 percent registered as unemployed at the end of October 2005. Many of the registered unemployed actually work full- or part-time in the unofficial, gray economy, which adds an estimated 10-15 percent to the official GDP. Overall, employment in the public sector continues to shrink as the private sector grows. Employment has expanded in service industries such as information science, hotels and restaurants, and retail trade. The state-owned sector is still about a quarter of the labor force, though employment in such fields as coal mining, steel, and energy is declining.

In 2004 and 2005, unemployment decreased in all provinces, but the impact of unemployment varies dramatically by region. Major urban areas such as Warsaw, Krakow, and Poznan have unemployment rates below ten percent while joblessness in the agricultural areas in the northeast and northwest can exceed 30 percent. Over 40 percent of the unemployed live in rural areas.

In 2002 Polish Parliament passed a package of amendments to the labor code as part of the government's stimulus program. These changes liberalize labor code provisions and aim to combat growing unemployment. They took effect in 2003. The amendments

include: giving employers the right to impose a break in work for up to one hour without remuneration; providing an opportunity for employers to renegotiate labor contracts with unions during periods of financial difficulty; application of separate regulations covering mass layoffs only to companies employing over 20 people; greater flexibility for companies in providing compensation through time off in lieu of pay; and increasing from two to three the number of fixed-term employment contracts that an employer can conclude before they are automatically transformed into indefinite period contracts.

For more detailed labor related information, please consult the Embassy's Labor Trends report published by the U.S. Department of Labor, Bureau of International Affairs.

## **Foreign-Trade Zones/Free Ports**

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Duty free zones can be established by the Minister of Finance, in cooperation with the Minister of Economy. They are managed by authorities designated by the Ministers – typically provincial governors who issue the operating permit for a given zone.

Bonded warehouses and customs and storage facilities are available. They are operated under permission issued by the customs authorities and can be operated by commercial code companies.

Customs duties are repaid to the importer for re-exports of products within 12 months of the date of customs clearance in full or partially, depending upon their length of time in country.

The operation of foreign trade zones (FTZ) in Poland is regulated by the 1997 Customs Law and FTZ regulations updated in March 2001. Further amendments have been introduced as Poland harmonized its public aid regulations with those existing in the EU. Business activities within FTZs are based on the same principles as those applied in the EU member countries. Foreign-owned firms have the same investment opportunities as do Polish firms to benefit from foreign trade zones, free ports, and special economic zones.

In 2005, there were seven free customs areas: Gliwice (southern border), Katowice International Airport (duty-free retail trade), Malaszewicze/Terespol (eastern border), Mszczonow near Warsaw (since May 2001), Warszawa-Okecie International Airport (duty-free retail trade within the airport), Szczecin, Swinoujscie, and Gdansk (all Baltic ports). Duty free-shops are available only for travelers departing to non-EU countries. In March 2001, decisions regarding free customs areas have been moved one level down, from the Council of Ministers to the Ministry of Finance. There are also 5 bonded warehouses: Gdynia (sea port), Krakow (airport), Wroclaw (airport), Katowice (airport) and Gdansk (airport).

Most activity in the free trade zones involves storage, packaging and repackaging. Bonded warehouses and customs and storage facilities are available. The bonded warehouses can be open to the general public or a private entity (with a limitation to the authorized entities).

There are 14 SEZs in Poland, each of them consisting of several sub-zones. Special Economic Zones (SEZ) are separate administrative areas designated for conducting business activity on favorable terms. The zones are not extraterritorial by nature, but they enjoy special relief in taxation and have the infrastructure necessary for starting a business. Firms willing to take advantage of the incentives must obtain permission for conducting business activities in the SEZ. Permits are issued by managing authorities of the SEZ on the base of results of a tender for conducting business in the Zone.

GOP amended the October 1994 Law on Special Economic Zones (SEZs) in November 2000 and then in April 2004. Under the new rules investors can receive exemption from income tax and/or other incentives totaling no more than 50 percent of the outlays spent on investments or creating new work places. The ceiling for small- and medium-sized companies is 65 percent. These limits are lower (40 and 55 percent) for investors in the Krakow SEZ, located in a relatively prosperous area. Investors may also negotiate with local authorities to receive property tax exemptions.

In response to EU concerns about unfair competition stemming from the SEZs the Polish government has agreed to stop opening new zones or expanding existing ones. As part of its accession process, Poland negotiated with the EU on the tax benefits and other incentives, which companies operating in existing SEZs enjoy after Poland became an EU member. Some of the proposed changes aroused concerns about possible disputes between investors and Polish government. The changed definition of a small and medium company in the law on SEZs, which takes into account capital relations with other entities, may lead to reduction of the number of firms qualifying as small and medium ones.

Investors that had received approval of incentives prior to January 2001 continue to benefit from these provisions, until Poland joins the EU. The European Commission rejected Poland's request to respect all "acquired rights" of companies that invested in SEZs in the period 1995-2000. Hence, on the day of accession small investors will operate under "old" regulations until 2011; medium-size companies until 2010; and big companies established before 1 January 2000 will be allowed to use public aid in the amount of up to 75 percent of total investment outlays, while for those established after that date the maximum public aid index has been determined at 50 percent. Companies from the automotive sector will be granted public aid worth no more than 30 percent of their capital investments. This means that investors that made low capital investments relative to their profitability could lose some benefits, but in many cases investors in Poland are not affected and some can even benefit from the changes. Regardless of their situation, many foreign companies are taking the position that they are owed some compensation, in the event the Polish government breaks contractual agreements.

Apart from the above incentives, companies investing in SEZ are often granted exemptions from real estate tax by local authorities. Local Employment Offices offer a range of work programs and special training schemes for the unemployed financed by the Labor Fund.

The Polish government has been working on an alternative set of financial instruments to support regional development and attract investment. Regulations reducing income tax for companies establishing service centers in SEZ are being studied. Local

governments are being encouraged to create their own instruments to attract investors, e.g. public-private partnership. The government is also trying to decentralize the implementation of regional development assistance, giving provincial and local authorities greater flexibility to implement programs.

## Foreign Direct Investment Statistics

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**Investment Trends:** In the period 2001-2003, foreign investment in Poland lost some of its impetus due to a world-wide slowdown in economic growth and the stalling of the government's privatization program. The trend reversed in 2004 and continued in 2005. FDI inflows in the last two years were the highest since 2000 totaling approximately US \$ 8 billion. Several factors played into this: EU accession, Poland's continuing export success, a low corporate tax rate, and increasingly effective promotion of investment opportunities and benefits. Foreign companies also choose Poland for the following reasons: a large domestic market, skilled workers, low labor costs, and proximity of major markets (the EU and Russia). Privatization of large companies has played a significant role in total FDI, however "greenfield" investments are increasingly important. They account for almost 60% of total FDI inflows in 2004 and 2005.

**Polish Investment Abroad:** Poland is a net capital importer. Compared to the amount of foreign capital invested in Poland, Poland's foreign investments are small, but growing. Until recently, one of the reasons for the low level of Polish foreign investment was the low level of savings of Polish companies. This started to change in 2003 and continued in 2004 and 2005 as companies performance improved considerably. According to data from the National Bank of Poland, through the end of 2003 Polish firms had invested \$1,285 billion abroad (up 16 percent from \$1.107 billion in 2001). Poland's major foreign investments are in the Netherlands, Germany, France, China, Malaysia, and Ukraine. Over 30 percent of Poland's foreign investments are connected with the financial sector; other investments are in manufacturing, real-estate services, and trade and repairs.

**Levels of Foreign Direct Investment:** According to data collected by the Polish Agency for Foreign Investment (PAIZ), FDI inflows into Poland reached US\$7.86 billion, the highest value since the record year 2000 (over US\$10 billion). It is projected that in 2005 FDI inflows into Poland may reach US\$ 10 billion. Poland's cumulative FDI totaled US\$ 84.45 billion at the end of 2004. Out of this total, large investors (over US\$1 million) invested US\$80.65 billion and small investors (below US\$1 million) invested US\$3.83 billion. U.S. firms account for over US\$10 billion out of the total US\$84.45 in 2005. Poland's accession to the European Union in 2004 has had unexpected positive effect on inflow of FDI to Poland, which according to Polish officials needs to reach US\$10 billion every year to maintain Poland's economic growth at a 5 percent level.

According to official statistics the U.S. maintains third place in terms of the volume of capital investment in Poland. The accumulative value of investment between 1993 - 2004 by French, Dutch, American, German, British, Italian, and Swedish investors and international companies accounted for 76 percent of the total FDI inflows to Poland. Poland remains an attractive country for American investors, whose share in cumulative FDI in Poland reached 13 percent in 2004. Some investments by U.S. firms are attributed to other countries if they are made by the European subsidiary of the U.S. parent (e.g., Coca Cola, UPC). The value of investment expenditures of the 15 largest

foreign companies amount to over US\$2.5 billion in 2004 or 32 percent of the total value of capital inflow. In 2004, the largest foreign investor were again French companies (US\$1.57 billion), followed by American enterprises (US\$1.43 billion), international corporations (US\$1.3billion ), German firms (US\$1.17 billion) and Dutch companies (US\$987.1 million).

The manufacturing sector remains the most popular sector with foreign investors in Poland. In 2004, US\$3.25 billion was invested in that sector, mainly in chemical and pharmaceutical industry well as metal sector and production of electrical equipment (mainly household appliances). The automotive sector received most of the investments -US\$703 million (9 percent of the total in 2004 and 15 percent of capital inflow to the manufacturing setor). The second most attractive sector for foreign investors was financial services, followed by the real estate sector, which attracted US\$865 million (a 10 percentage points increase compared with 2003). As of December 2004, 1,101 companies from 36 countries had invested over US\$1 million in Poland compared with 193 firms in 1993.

## Foreign Investment in Poland 1990-2004 (USD Millions)

(a) Total FDI, cumulative:

Year	Equity & Loans	Commitments
1989	4.0	N/A
1990	88.0	N/A
1991	490.0	N/A
1992	1,423.0	N/A
1993	2,828.0	4,649.0
1994	4,320.8	4,932.5
1995	6,832.2	5,249.6
1996	12,027.7	7,933.3
1997	17,705.4	10,777.1
1998	27,279.6	13,326.8
1999	35,171.0	13,397.0
2000	45,772.0	11,280.1
2001	53,152.2	9,817.3
2002	61,447.4	12,866.4
2003	72,706.0	12,058.3
2004	84,500.0	*

\* As of 2004 PAIIZ does not provide information on investment commitments.

(b) Total FDI, annual:

Year	Equity & Loans	Commitments
1990	84.0	N/A
1991	402.0	N/A
1992	933.0	N/A
1993	1,405.0	N/A

1994	1,492.8	283.5
1995	2,511.4	317.1
1996	5,195.5	2,683.
1997	5,677.7	2,843.8
1998	9,574.2	2,549.7
1999	7,891.4	70.2
2000	10,601.0	-2,116.9
2001	7,146.6	-1,462.8
2002	6,060.0	3,049.1
2003	6,420.1	-808.1
2004	7,858.0	*

\* As of 2004 PAIIZ does not provide information on investment commitments.

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(c) U.S. FDI, cumulative:

Year	Equity & Loans	Commitments
1991	N/A	N/A
1992	N/A	N/A
1993	1,028.0	1,010.0
1994	1,413.7	1,534.3
1995	1,698.0	1,520.0
1996	2,965.6	2,669.9
1997	3,981.8	3,167.0
1998	4,911.2	3,654.4
1999	5,152.9	2,973.4
2000	7,350.3	2,944.5
2001	7,806.0	1,916.8
2002	8,736.1	2,522.5
2003	8,689.3	2,898.4
2004	10,164.0	*

\* As of 2004 PAIIZ does not provide information on investment commitments.

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(d) U.S. FDI, annual:

Year	Equity & Loans	Commitments
1993	N/A	N/A
1994	385.7	524.3
1995	284.3	-14.3
1996	1,267.6	1,149.9
1997	1,016.2	497.1
1998	929.4	487.4
1999	241.7	-681.0
2000	2,197.4	-28.9
2001	455.7	-1,027.7
2002	930.1	605.7

2003	-46.8	375.9
2004	1,430.0	*

\* As of 2004 PAIILZ does not provide information on investment commitments.

e) FDI by country of origin (December 2004)

Country	Total Equity and Loans
France	16,026.21
Holland	11,154.2
U.S.A.	10,163.7
Germany	10,149.5
International	4,648.7
UK	4,337.2
Italy	4,089.3
Sweden	3,715.2
Belgium	2,902.6
Denmark	2,096.2
Switzerland	1,617.5
Korea	1,167.9
Austria	1,123.7
Cyprus	1,110.5
Ireland	1,026.2
Portugal	678.4
Finland	578.5
Greece	561.6
Spain	486.3
Russia	409.1
Japan	362.3
Norway	345.2
Canada	210.9

Grand Total 80,649.8  
(FDI over USD 1 mln)

f) FDI, by industry (in USD millions, as of Dec 2004)

Sector	Equity and Loans	Commitments*
<i>Manufacturing of which:</i>	32,199.9	4,826.5
- transport equipment	6,663.6	775.0
- food products, beverages, tobacco products	6,624.8	377.8
- other non-metal goods	4,205.5	567.5
- electrical machinery and apparatus	3,250.0	706.5

- chemicals, chemical products	3,245.2	397.5
- pulp and paper	2,086.0	274.7
- wood, wood products	1,692.1	195.0
- rubber and plastics	1,459.0	454.2
- basic metals and metal products	1,279.3	757.7
- machinery, equipment	1,023.7	122.2
- furniture and consumer goods	349.7	20.1
- fabrics, textiles	290.5	177.1
- leather	31.4	1.5
Financial Intermediation	18,878.5	1,382.5
Trade and repairs	9,517.4	905.1
Transport, storage and Communication	7,861.4	249.7
Power, gas and water supply	3,207.6	325.1
Real estate and business activities	2,952.7	1,223.0
Community, social, individual services	2,732.2	697.2
Construction	2,110.1	2,019.9
Hotels and restaurants	885.3	392.2
Mining and quarrying	228.6	13.0
Agriculture	76.3	24.1

\* As of 2004 PAIIZ does not provide information on investment commitments, the data on commitments is the same as in 2003.

## Top 20 Foreign Investors in Poland (December 2004)

<b>Company</b>	<b>Investment (USD mln)</b>	<b>Origin</b>	<b>Sector</b>
France Telecom	4,470.4	France	telecoms
EBRD	4,000.0	Int'l	various
Fiat	1,800.6	Italy	autos, banking
KBC Bank N.V.	1,743.4	Belgium	financial
Metro AG	1,508.0	Germany	retail and wholesale
HVB	1,336.0	Germany	banking
Citigroup	1,300.0	USA	banking
Tesco Plc	1,300.0	UK	retail trade
Apollo-Rida Poland	1,300.0	USA	construction, real estate
Vivendi	1,243.4	France	telecoms
UPC*	1,200.0	Netherlands	media
UniCredito Italiano	1,200.0	Italy	banking
Kronospan Holdings	1,061.8	Cyprus	wood, wood products
Vattenfall AB	1,029.2	Sweden	electricity, gas, water supply
General Motors	1,010.0	USA	autos
ING Group	990.0	Netherlands	banking
Carrefour	980.0	France	retail trade

Daewoo	936.4	Korea	autos, electronics, construction,
Enterprise Investors	914.5	USA	various
Volkswagen AG	873.1	Germany	transport equipment, financial

\*United Pan-Europe Communications (UPC) is the 55%-owned, Netherlands-registered subsidiary of the U.S. media firm United Global Communications

### Top U.S. Investors in Poland (December 2004)

<b>Company</b>	<b>Investment (USD mln)</b>
Citigroup	1,300.0
Apollo-Rida Poland Llc.	1,300.0
General Motors Corporation	1,010.0
Enterprise Investors	914.5
IPC	450.9
General Electric Corporation (GE)	400.0
Delphi Automotive Systems	380.0
PepsiCo	275.0
IVAX Corporation	210.0
GATX Rail Overseas Holding Corporation	202.3
Epstein	200.0
AVON International Operations INC.	176.3
F&P Holding Company Inc.	164.0
Mars Inc.	160.0
Innova Capital	150.0

### Cumulative FDI by Country of Origin (In USD millions; through Dec 2004)

<b>Country</b>	<b>Amount</b>	<b>No. of Companies</b>	<b>Pct of Total</b>
France	16,026.1	101	19.9
The Netherlands	11,154.2	126	13.8
USA *	10,163.7	118	12.6
Germany	10,149.5	258	12.6
International	4,648.7	14	5.8
Great Britain	4,337.2	56	5.4
Italy	4,089.3	67	5.0
Sweden	3,715.2	60	4.6
Belgium	2,902.6	27	3.6

Denmark	2,096.2	50	2.6
Switzerland	1,617.5	28	2.0
Austria	1,223.7	28	1.5

\*Excluding investments attributed to third country subsidiaries.

**Source: PAIZ**

Note: PAIZ data is collected by means of a survey. The methodology applied by PAIZ is based on the OECD benchmark definition of FDI. The definition of FDI includes:

- equity contributed by foreign investors to the companies established by them in Poland (the foreign investor's share must be at least 10 percent);
- medium- and long-term loans granted by foreign investors to the companies established by them in Poland;
- the value of re-invested profits reduced by dividends repatriated to the country of origin.

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Import financing procedures in Poland adhere to European Union business practices. All payments go through qualified foreign exchange banks. The safest method of receiving payment for a U.S. export sale is through an irrevocable letter of credit (L/C). However, some banks in Poland require the importer to deposit funds prior to issuance of an L/C. Therefore, for Polish importers, an L/C is more a payment mechanism, not financing tool.

Difficulties in obtaining U.S. bank guarantees on Polish L/Cs seem to stem from considerations of Poland's overall debt performance. They do not necessarily reflect the actual performance of Polish banks on L/Cs, which is generally considered excellent. Typically, L/Cs are opened for a period to cover production and shipping, and they are normally paid within seven working days after receipt of the goods. Cash payment or down payments provide an extra measure of security for export sales. Polish companies sometimes offer to pay for U.S. exports with cash in advance, as it can be difficult for them to get Polish bank guarantees. U.S. exporters who request cash advance payments (usually through money orders or certified bank drafts) need to be aware that many Polish companies are strapped for cash and may need time to organize their funds. Their delays are not a result of lack of interest, but more often a result of the need for time to arrange financing or loans. Finally, cash payments often arrive in the U.S. in installments and not as a single payment.

### How Does the Banking System Operate

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Significant and successful reforms in the past 15 years, including the privatization of a majority of the banking sector, have established a two-tier system comprising the central bank (the National Bank of Poland) and commercial banks. The legal framework is set in the Banking Act and the Act on the National Bank of Poland. Both documents were re-written in 1997 to amend Poland's banking regulations for EU accession.

In recent years with increased competition and choice, and the modernization of the EDP environment, efficiency of the service has improved significantly. The Banking Act of 1997 now sanctions electronic banking transactions and there is a national system for electronic settlements (ELIXIR). All major banks hold foreign exchange licenses and are

authorized to operate in foreign currencies and have access to the Reuters and Swift networks. Payment cards are commonly used, while checks as means of payment are available but in general are not recommended, in particular in international transactions.

Deposits may be made and loans taken in foreign currency and PLN. Loans in Euro and Swiss Frank are the most common. Credit agreements require borrowers to provide data on their economic and financial standing. It is common practice when granting credits to demand bank guarantees, drafts or other forms of collateral.

Considerable progress has been made in retail banking in recent years. Polish banks use modern solutions and have introduced new services, such as 24-hour access to accounts via the Internet and by phone. Internet banking is developing rapidly. In 2005 there were over 19 million payment cards in circulation, of which a majority were credit cards. Both ATM and commercial entities accept popular credit cards (VISA, MasterCard, Dinner Club and American Express) and payment cards (VISA Electron and Maestro).

The improvement in retail banking services has had a positive effect on services offered to corporate customers. Availability of banking services varies from one bank to another. Commercial banks generally offer a variety of money transfer and cash management services, but they do not usually provide access to cheap credit or extensive personal banking services. Banks set their own interest rates based on several factors, particularly the inflation rate, reserve requirements, and the National Bank of Poland (NBP) rates. Special services such as cash management, counseling, and risk management for foreign currency transactions are not consistent from bank to bank.

The majority of Polish banks have been privatized. A number of large banks have shares listed on the Warsaw Stock Exchange (13 at the end of 2003). The majority of the Polish banking sector's assets, deposits, and equity are held by the private sector.

Foreign companies do not have special restrictions on access to local finance. Banks usually request proof of solvency and a business plan, as well as security. Security often takes the form of a large deposit (equal to the amount of the loan plus interest) that earns a relatively low rate of interest. Loans are also available to smaller businesses that can produce credible offshore guarantees. Improvements in the bankruptcy law and in the administration of real estate registers should help improve the capability of banks collecting on collateral and their willingness to lend especially to smaller firms.

A number of foreign banks have established banking operations in Poland, either through local subsidiaries, fully operating branches, or participation in consortium banks, which may also include Polish bank shareholders. Several U.S. banks have offices in Poland. While some banks have branches all over Poland, many are regional or have few branches. Businesses with banking needs in varying areas should carefully consider the location of their bank and availability of branches.

The zloty is, for most purposes, fully convertible. Companies operating in Poland have free access to foreign currency, and there have been no failures of the banking system to provide hard currency on demand. Profits can be repatriated by law, including repatriation through bonds and securities.

The banking system is supervised by the central bank, the National Bank

of Poland (NBP). The NBP is responsible for the issue of money and control of the monetary and credit policy in Poland. It grants banking licenses and foreign exchange permits. Today there are 63 banks in Poland that are privately owned or operate as commercial companies. In addition, there are 595 independent cooperative banks. U.S. banks and branches include Citibank, Bank of America, GE Capital, AIG and Daimler-Chrysler. Several Polish banks have been approved by the Export-Import Bank of the U.S. for bank guarantees and currently engage in foreign trade financing.

Business counseling ranks high among the features of some foreign banks in Poland, and most encourage their clients to consult with them before investing. These banks offer counseling services to western firms on regulations and business practices in Poland, and some spend considerable time counseling Polish businesses on western business practices, business plans, and financial plans.

### **Foreign-Exchange Controls**

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On 1 October 2002 a new Foreign Exchange Law came into force in Poland. As a rule, all operations and payments in Poland are required to be made in the Polish currency (zloty, PLN). Residents are obliged to make foreign payments through money orders and domestic payments to non-residents through authorized banks, if the amount of the money order or a payment exceeds EUR 10,000. Residents concluding a transaction abroad in a foreign currency are obliged to provide the National Bank of Poland with the data required to prepare a balance of payments and international investment position. Non-residents may transfer sums that are subject to taxation only upon the presentation of a confirmation from a tax office, confirming that the taxes due have been paid.

Business entities may have a Polish bank account denominated in a foreign currency and keep these payments in that account. When these businesses need foreign exchange, the invoice for goods to be purchased must be presented to prove the currency is needed. Most banks indicate that foreign currency is easily obtainable. Several banks guarantee wire transfers within 48 hours, although the general rule is that foreign banks are faster than domestic banks. A transfer can be as quick as one day if it is between affiliated banks or banks on the SWIFT system and if the order is placed early in the day. It is best to have a contact person at your bank to monitor the transaction.

### **U.S. Banks and Local Correspondent Banks**

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PKO BP  
ul. Pulawska 15  
00-975 Warsaw  
Telephone: (48) 22 521-5999, 521-8641, toll free: 0800 120 139  
Fax: (48) 22 521-8642  
E-mail: [informacje@pkobp.pl](mailto:informacje@pkobp.pl)  
Web site: <http://www.pkobp.pl/>

Bank Polska Kasa Opieki  
Pekao S.A.  
ul. Grzybowska 53/57  
00-950 Warsaw  
Telephone: (48) 22 656-0000  
Fax: (48) 22 656-0004, 656-0782  
E-mail: [info@pekao.com.pl](mailto:info@pekao.com.pl)  
Web site: [pekao.com.pl](http://pekao.com.pl)

Bank Handlowy w Warszawie S.A.  
Citibank Handlowy  
ul. Senatorska 16  
00-923 Warszawa  
Telephone: (48) 22 657-7200, 690-4000, 0801 32 2484  
Fax: (48) 657-7580  
E-mail: [listybh@citicorp.com](mailto:listybh@citicorp.com)  
Web site: <http://www.citihandlowy.pl/>

GE Money Bank S.A.  
ul. Elzbietanska 2  
80-894 Gdansk  
Telephone: (48) 58 300-7001  
Fax: (48) 58 304-0701  
E-mail: [klient.poczta@gemoney.pl](mailto:klient.poczta@gemoney.pl)  
Web site: <http://www.gemoney.com/>

ING Bank Slaski S.A.  
ul. Sokolska 34  
40-086 Katowice  
Telephone: (48) 32 357-7000  
Fax: (48) 32 357-7010, 357-7015  
E-mail: [mam pytanie@bsk.com.pl](mailto:mam pytanie@bsk.com.pl)  
Web site: <http://www.ing.pl/>

Kredyt Bank S.A.  
ul. Kasprzaka 2/8  
01-211 Warsaw  
Telephone: (48) 22 634-5400  
Fax: (48) 22 634-5335, 634-5330  
E-mail: [bprasowe@kredytbank.pl](mailto:bprasowe@kredytbank.pl)  
Web site: <http://www.kredytbank.pl/>

National Bank of Poland NBP  
ul. Swietokrzyska 11/21  
00-919 Warsaw  
Telephone: (48) 22 653-1000  
Fax: (48) 22 620 85-18  
E-mail: [nbp@nbp.pl](mailto:nbp@nbp.pl)  
Web site: <http://www.nbp.pl/>

**Major U.S. banks:**

- **AIG Bank Polska SA**  
ul. Przemysłowa 26A  
00-450 Warszawa  
tel.: (22) 523-5300  
fax.: (22) 523-5350
- **Bank Handlowy w Warszawie**  
ul. Senatorska 16  
00-923 Warszawa  
(Citigroup)  
tel.: (22) 657-7200  
fax.: (22) 657-7580
- **Daimler-Chrysler Services Bank Polska SA**  
ul. Gottlieba Daimlera 1  
02-460 Warszawa  
tel.: (22) 312-7800  
fax.: (22) 312-6710
- **GE Money Bank SA**  
ul. Elzbietanska 2  
80-894 Gdańsk  
tel.: (58) 300-7001  
fax.: (58) 304-0701
- **FCE Bank Polska SA**  
Al. Jerozolimskie 181  
02-222 Warszawa  
tel.: (22) 608-6900  
fax.: (22) 608-6901

**Representative Offices of American banks in Poland:**

- **American Express Bank Ltd.**  
ul. Chłodna 51  
00-867 Warszawa  
tel.: (22) 581-5268  
fax.: (22) 581-5269
- **Bank of America, National Association, Charlotte**  
ul. Iłżecka 26  
02-135 Warszawa  
tel.: (22) 575-7200  
fax.: (22) 575-7406
- **JPMorgan Chase Bank National Association**  
ul. Emilii Plater 53  
00-113 Warszawa  
tel.: (22) 520-5100  
fax.: (22) 520-5120

**Project Financing**[Return to top](#)

Accession to the EU opened a new chapter for Poland regarding access to project financing in the form of EU structural and cohesion funds. Poland expects to receive almost EUR 13 billion in Community aid over the 2004-2006 period. Of that amount, EUR 8.3 billion will come from structural funds. Poland is the biggest beneficiary from among the ten new EU member countries. The most important projects supported by structural funds include regional development (35.8% of funds), human resources development (17.4%), improving companies' competitiveness (15-15.8%), restructuring

and modernization of the food sector and development of rural areas (14.4%), transportation and maritime economy (14.1%), fisheries and fish processing (2.4%). The EUR 4.2 billion from the Cohesion Fund will support projects related to environment and transport infrastructure networks of trans-regional importance. Together with some smaller funds, all those new resources represent significant funds for financing investment in Poland.

Sources of financing for projects in Poland vary depending upon specific financial requirements and needs. Financing is also found under special programs such as those of the World Bank, the International Finance Corporation (IFC), the European Bank for Reconstruction and Development (EBRD), and other financial assistance programs created by western governments. In addition to local financing through Polish banks, self-financing, and financing through U.S. sources, the following organizations provide financing and/or insurance for investments made in Poland:

#### (1) Export-Import Bank of the United States (Ex-Im Bank)

The Ex-Im Bank provides guarantees of working capital loans for U.S. exporters, guarantees the repayment of loans, and makes loans to Polish purchasers of U.S. goods and services. The Ex-Im Bank also provides credit insurance that assists U.S. exporters shipping on short and medium term credits by insuring against nonpayment by foreign buyers. Working Capital Guarantees cover 90% of the principal and interest on commercial loans to creditworthy, small and medium sized companies that need funds to buy or produce U.S. goods or services for export. Export Credit Insurance policies protect against both the political and commercial risks of a foreign buyer defaulting on payment. There are no discretionary credit limits for short-term comprehensive credit insurance. Coverage is generally limited to irrevocable letters of credit issued or guaranteed by one of the eight banks that Ex-Im recognizes as having an international reputation for creditworthiness. Other transactions are examined on a case-by-case basis. In addition, Ex-Im Bank offers direct loans, which provide foreign buyers with competitive, fixed rate financing for their purchases from the United States. For more information on Ex-Im Bank programs, please contact:

The Export-Import Bank of the United States of America  
811 Vermont Ave., N.W.  
Washington, D.C. 20571  
Telephone: (800) 565-EXIM  
Fax: (202) 565-3380  
Web site: <http://www.exim.gov>

#### (2) USDA Export Credit Guarantee Programs

USDA has three credit guarantee programs to support exports of U.S. food and agricultural products to Poland. The Supplier Credit Guarantee Program (SCGP) is available for Poland. Under the SCGP, USDA guarantees up to 65% of the principal offered on credit terms of 15, 20, 30, 45, 60, 90, 120, 150, and 180 days. SCGP has a limit of US \$10 million for Poland and does not require a letter of credit.

USDA guarantees payment of letters of credit issued by Polish banks in favor of U.S. exporters under the GSM-102 and GSM-103 program. GSM-102 export credit guarantees of USD 25 million for 90 days to three years through approved banks are available for Poland. GSM-103 export credit guarantees of up to USD 5 million on credit

terms in excess of three years, but not more than five years, are also available for exports of U.S. breeding livestock. Further information on these programs can be obtained from:

U.S. Department of Agriculture  
Foreign Agricultural Service  
Telephone: (202) 720-7115

Companies may also check news releases for these programs on the Foreign Agricultural Service homepage at <http://www.fas.usda.gov>.

### (3) Commercial Bank Financing

Historically commercial bank financing for U.S. exports to Poland was limited due to Poland's poor credit rating. Since the signing of the London and Paris agreements, the number of banks willing to offer financing for U.S. exports to Poland has increased steadily.

F. Project Financing Available, Including Lending from Multilateral Institutions and Types of Projects Supported

### (4) The World Bank

The World Bank serves as a source of loans for economic development and reform programs in Poland. The World Bank finances projects in several main areas: support of Government efforts in the energy sector, improvement of municipal and basic infrastructure, development of key Polish institutions and systems to support a market oriented economy, and development of the social and financial sectors.

The World Bank uses guarantees to support and attract private investment for projects that demand large sums of long term financing, or are in areas of high political risk. Guarantees are used to stimulate investment, and the World Bank only provides partial guarantees, sharing the risk with private lenders. The World Bank utilizes two types of guarantees in addition to the possibility of issuing a World Bank loan. A Contractual Compliance Guarantee protects private lenders against specific risks identified by the host Government, the private party, and the World Bank. A Partial Credit Guarantee protects private lenders against possible late loan payments and finances extensions of medium term loans.

A summary of projects and procurement financed by the World Bank is printed in a bimonthly publication that can be obtained by contacting:

Development Business  
UN Department of Public Information  
PO Box 5850 Grand Central Station  
New York, NY 10163 5850  
Telephone: (212) 963-1515  
Fax: (212) 963-1381

Further information on World Bank programs can be obtained from:

Public Information Center  
World Bank Headquarters  
1818 H Street, N.W., Room GB 1  
300  
Washington, D.C. 20043  
Telephone: (202) 477-1234

or

World Bank Resident Mission  
ul. Emilii Plater 53  
00-113 Warsaw, Poland  
Telephone: (48) (22) 520-8000  
Fax: (48) (22) 520-8001

(5) International Finance Corporation (IFC)

The IFC is a member of the World Bank Group, which provides non-government guaranteed direct investment in private businesses. Its purpose is to attract foreign and host country investors to supply additional debt and equity financing. The IFC has been active in Poland since 1987. To date, the IFC has invested over US \$505 million in 26 projects in various sectors. For additional information, please contact:

International Finance Corporation Resident Mission  
ul. Emilii Plater 53  
Warsaw, Poland  
Telephone: (48) (22) 520-6100  
Fax: (48) (22) 520-7101

(6) The European Investment Bank (EIB)

The European Investment Bank, the European Union's financing institution, contributes toward the integration, balanced development and economic and social cohesion of the EU Member Countries. To this end, it raises on the markets substantial volumes of funds which it directs on the most favorable terms towards financing capital projects according with the objectives of the Union. Outside the Union the EIB implements the financial components of agreements concluded under European development aid and cooperation policies. Governmental authorities, banks, municipalities and private companies can borrow from the bank, which supports both large scale and small to medium-scale projects. For additional information contact:

Information and Communications Department  
Secretariat General  
100 boulevard Konrad Adenauer  
L-2950 Luxembourg  
Fax: +352 43 79 31 89, [infopol@eib.org](mailto:infopol@eib.org)

(7) U.S. Trade and Development Agency (TDA)

TDA promotes U.S. exports through direct assistance in high priority overseas projects to developing and middle-income countries, including Poland. TDA accomplishes this by financing feasibility studies and related planning services and training programs. Projects supported by TDA must, as a rule, offer good opportunities for U.S. exports of equipment and services. TDA has feasibility study financing available for public and private sector projects. It offers grants to foreign governments and foreign corporations for feasibility studies on large-scale public sector and private sector industrial and infrastructure projects, which are performed by U.S. firms selected in a competitive bidding process. TDA also will cost-share feasibility studies on large infrastructure and industrial projects with U.S. exporters, project developers or investors on a reimbursable basis. TDA has provided more than US \$10 million in feasibility grants to Poland over the last four years, most of it in the public sector.

For further information contact:

U.S. Trade and Development Agency  
1621 North Kent St., Suite 200  
Arlington, VA 22209  
Telephone: (703) 875-4357  
Fax: (703) 875-4009  
E-mail: [info@tda.gov](mailto:info@tda.gov)  
Web site: <http://www.tda.gov>

#### (7) European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development (EBRD) operates as a development bank as well as a merchant bank, providing government guarantees and commercial loans. The EBRD lends and invests exclusively in projects in Central and Eastern Europe, and at least 60% of its funding is targeted to private sector companies or state-owned companies going through the privatization process. With an emphasis on the environment, the EBRD requires proposals that demonstrate good products or services with sound market prospects, significant capital commitments by project sponsors, dependable technology, sound environmental management, a high return on investment, and overall financial viability of the borrowing enterprise. For further information, please contact:

European Bank for Reconstruction and Development  
U.S. Office  
London, England  
Telephone: (44) 20 7588-4027  
Fax: (44) 20 7588-4026

EBRD Poland Office  
ul. Emilii Plater 53  
Warsaw, Poland  
Telephone: (48) 22 520-5700  
Fax: (48) 22 520-5800

#### (8) Overseas Private Investment Corporation (OPIC)

OPIC is a self sustaining U.S. government agency that provides investment information,

financing, and political risk insurance for U.S. companies investing in emerging markets like Poland. OPIC offers medium to long term financing in Poland through its direct loans and guarantees program. Direct loans are reserved for U.S. small business or cooperatives and generally range in amounts from US \$2-10 million. Loan guarantees are issued to U.S. lending institutions and range in size from US \$10-75 million, and in certain instances to US \$200 million. OPIC can insure U.S. investments against political violence, expropriation, and inconvertibility of local currency.

OPIC has initiated a US \$65 million fund called Poland Partners. The fund is designed to provide capital for new projects, expansion of existing enterprises, and privatization of state owned businesses. Poland Partners will focus on seven high growth sectors: (1) pharmaceutical and personal care products, (2) automotive after-market, (3) building supplies and home improvement, (4) financial services, (5) franchised services, (6) plastic molding, and (7) food processing. OPIC also has developed an environmental fund to provide capital to U.S. companies involved in projects linked to economic development and the protection of the environment in Poland and other countries in Central and Eastern Europe. For projects involving warehousing, industrial sites, and distribution, OPIC has established a real estate fund. For more information, please contact:

Overseas Private Investment Corporation  
1100 New York Avenue, N.W.  
Washington, DC 20527  
Telephone: (202) 336-8799  
Fax: (202) 408-9859  
Web site: <http://www.opic.gov>

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccg/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

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## Chapter 8: Business Travel

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### Business Customs

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It is customary to greet by shaking hands in Poland. A businesswoman should not be surprised if a Polish man kisses her hand upon introduction, at subsequent meetings or saying goodbye. American men are not expected to kiss a Polish woman's hand, but may simply shake hands. Business cards are the norm in Poland and are generally given to each person present in a meeting. As Poles tend to bring more than one person to their meetings, U.S. visitors should bring plenty of business cards. It is not necessary to have business cards printed in Polish.

Business attire is generally formal, including a suit and tie for men, and a suit or dress for women. Casual wear, including jeans, is suitable for informal occasions, but more formal dress is usually customary for visiting or entertaining in the evening. Flowers, always an odd number, are the most common gift among friends and acquaintances. Sunday is the traditional day for visiting family and friends in Poland.

### Travel Advisory

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State Department Travel Advisory:

<http://www.state.gov/travel/>

### Visa Requirements

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U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy in Warsaw, Consular Section:  
<http://warsaw.usembassy.gov/poland/consular.html>

## **Telecommunications**

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AT&T, Sprint, and MCI calls can be placed from Poland. International direct dialing is available. Cellular phone services are GSM/DCS-based systems and in the process of introducing 3G technology. Visitors can save on expensive international and long-distance phone connections using pre-paid calling cards (for example Tele2, Dzwoneczek, Papuga) or IP-based access numbers.

## **Transportation**

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Transportation by air to and from Poland is excellent. International carriers fly to Poland many times per day from all over the world, and LOT Polish Airlines has direct flights to Warsaw from Chicago, New York and Newark. Delta, American, Northwest and United have code share relationships with various European carriers that service Poland through their European hubs. No U.S. airline services Poland directly at this time.

Transportation within Poland is convenient. Flights operate between major cities and railway routes are extensive and reliable. Rental cars are abundant, but due to significantly increased traffic over the past few years and a highway system that has not kept up, driving between Polish cities, especially at night, can be quite dangerous.

First class business hotels are available in most major Polish cities, and many are located in the heart of business districts. Major western hotels offer air-conditioned rooms with direct dial telephone capability. Many hotels offer a business center with computers, fax, business assistance services, and Internet capabilities. All business hotels take major credit cards. Availability and room rates are seasonal and competitive, and business travelers are advised to check and confirm rates at hotels in advance of their travel.

## **Language**

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Communication in the Polish language is recommended if the seller would like to receive a speedy reply to correspondence and inquiries. U.S. companies should ensure that translations from English into Polish are performed only by professional translators who are fluent in modern business Polish and grammar. When conducting business in Poland, a qualified Polish-language interpreter is recommended. CS Warsaw can provide lists of interpreters.

## Health

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State Department Health Issues Advisory:

[http://www.travel.state.gov/travel/tips/health/health\\_1185.html](http://www.travel.state.gov/travel/tips/health/health_1185.html)

The WHO Health Information on Poland:

<http://www.who.int/countries/pol/en/>

## Local Time, Business Hours, and Holidays

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Poland is on Central European Time and as such, is six hours ahead of the U.S. East Coast.

Traditional normal business hours in the private sector and government are from 8:00-4:00PM. However an increasing number of businesses are following Western practices of remaining open until 5:00PM.

### Holidays in 2006:

January 1 (Sun): New Year's Day

April 16, 17: Easter Sunday and Monday

May 1 (Mon): Labor Day

May 3 (Wed): Constitution Day

June 15 (Thurs): Corpus Christi

August 15 (Tue): Assumption of Virgin Mary, Polish Army Day

November 1 (Wed): All Saints' Day

November 11 (Sat): National Independence Day

December 25, 26 (Mon & Tue): Christmas

## Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of personal laptop computers or other business materials and personal belongings into Poland.

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### Chambers of Commerce and Bilateral Business Councils:

National Chamber of Commerce of Poland  
Mr. Andrzej Arendarski, President  
ul. Trebacka 4  
00-074 Warsaw  
Telephone: (48) 22 630-9600  
Fax: (48) 22 827-4673  
E-mail: [infodata@kig.pl](mailto:infodata@kig.pl)  
Web site: <http://www.kig.pl/english/index.htm>

American Chamber of Commerce in Poland  
Ms. Dorota Dabrowska, Executive Director  
ul. Emilii Plater 53, Warsaw Financial Center, XIII floor  
00-116 Warsaw  
Telephone: (48) 22 520-5999  
Fax: (48) 22 520-9998  
E-mail: [office@amcham.com.pl](mailto:office@amcham.com.pl)  
Web site: <http://www.amcham.com.pl/>

#### Country Government Offices:

Ministry of Transport and Construction  
ul. Chalubinskiego 4/6  
00-928 Warsaw  
Telephone: (48) 22 630 1000  
Fax: (48) 22 830-0261  
E-mail: to see the complete list of e-mail addresses click:  
<http://www.mi.gov.pl/en/moduly/poczta/index.php>  
Web site: <http://www.mtib.gov.pl/en/>

Ministry of Environmental Protection  
ul. Wawelska 52/54  
00-922 Warsaw  
Telephone: (48) 22 579-2900, 579-2403  
Fax: (48) 22 579-2450  
E-mail: [info@mos.gov.pl](mailto:info@mos.gov.pl)

Web site: <http://www.mos.gov.pl/>

Ministry of Agriculture and Rural Development  
ul. Wspolna 30  
00-930 Warsaw  
Telephone: (48) 22 623-1000, 628-5745  
Fax: (48) 22 629-2894  
E-mail: [kancelaria@minrol.gov.pl](mailto:kancelaria@minrol.gov.pl)  
Web site: <http://www.minrol.gov.pl/>

Ministry of Finance  
ul. Swietokrzyska 12  
00-916 Warsaw  
Telephone: (48) 22 694-3962, 695-5555  
Fax: (48) 22 826-6352  
E-mail: [info@mofnet.gov.pl](mailto:info@mofnet.gov.pl)  
Web site: <http://www.mofnet.gov.pl/>

Ministry of Economy  
Ministry of Regional Development  
Pl. Trzech Krzyzy 5  
00-950 Warsaw  
Telephone: (48) 22 693-5000  
Fax: (48) 22 693-4001  
E-mail: [BPI@mpips.gov.pl](mailto:BPI@mpips.gov.pl)  
Web site: <http://www.mgip.gov.pl/English/>

Ministry of State Treasury  
ul. Krucza 36  
00-522 Warsaw  
Telephone: (48) 22 695 8000, 695 9000  
Fax: (48) 22 628-1914, 628 0872, 621-3361  
E-mail: [minister@mosp.gov.pl](mailto:minister@mosp.gov.pl)  
Web site: [http://www.mst.gov.pl/index\\_eng.php](http://www.mst.gov.pl/index_eng.php)

Polish Information and Foreign Investment Agency  
Mr. Adam Pawlowicz, President  
Aleja Roz 2  
00-559 Warsaw  
Telephone: (48) 22 334-9800  
Fax: (48) 22 334-9999  
E-mail: [post@paiz.gov.pl](mailto:post@paiz.gov.pl)  
Web site: <http://www.paiz.gov.pl/>

Central Statistics Office  
Al. Niepodleglosci 208  
00- Warsaw  
Telephone: (48) 22 608-3000  
Fax: (48) 22 608-3001  
E-mail: [dissem@stat.gov.pl](mailto:dissem@stat.gov.pl)  
Web site: <http://www.stat.gov.pl/>

### **In-Country Market Research Firms:**

SMG/KRC Poland-Media S.A.  
ul. Nowoursynowska 154a  
02-797 Warsaw  
Telephone: (48) 22 545-2000  
Fax: (48) 22 545-2100  
E-mail: [office@smgkrc.pl](mailto:office@smgkrc.pl)  
Web site: <http://www.smgkrc.pl/>

Pentor Group – Instytut Badania Opinii Sp. z o.o.  
ul. Domaniewska 41, Orion Bldg.  
02-672 Warsaw  
Telephone: (48) 22 565 1000  
Fax: (48) 22 565 1075  
E-mail: [pentor@pentor.com.pl](mailto:pentor@pentor.com.pl)  
Web site: <http://www.pentor.com.pl/>

IQS and QUANT Group  
ul. Lekarska 7  
00-610 Warsaw  
Telephone: (48) 22 592-6300  
Fax: (48) 22 825-4870  
E-mail: [kontakt@iqs-quant.com.pl](mailto:kontakt@iqs-quant.com.pl)  
Web site: <http://www.iqs-quant.com.pl/>

CRACOVIAN INTERNATIONAL CONSULTANTS (CIC)  
ul. Straszewskiego 28, Suite 22  
31-113 Kraków  
tel: (48 12) 432 1660  
fax: (48 12) 432 1660  
E-mail: [cic@cic.com.pl](mailto:cic@cic.com.pl)  
Website: <http://www.cic.com.pl/>  
Contact person: Magdalena Żelaszczyk, President

G7 Sp. z o.o. (DMB&B)  
ul. Goraszewska 7  
02-910 Warszawa  
tel: (48 22) 550 7000  
fax: (48 22) 550 7007, 858 8107, 550 7008  
E-mail: [receptiong7@g7agencja.pl](mailto:receptiong7@g7agencja.pl)  
Website: under construction  
Contact person: Jacek Hensler, General Director

PMR Ltd.  
ul. Supniewskiego 9

31-527 Kraków  
tel: (48 12) 428 03 60  
fax: (48 12) 413 40 12  
E-mail: [pmr@pmrpublications.com](mailto:pmr@pmrpublications.com)  
Website: <http://www.pmrporate.com/>  
Contact: Mr. Richard Lucas, Managing Director

RED SQUARE  
ul. Szopena 15/2  
33-100 Tarnów  
tel/fax: (48 14) 621 7078, 621 4556  
E-mail: [redsq@voltronik.pl](mailto:redsq@voltronik.pl)  
Website: <http://www.redsq.ipl.net/>

### **Multilateral Development Bank Offices in Poland:**

European Bank for Reconstruction and Development  
Warsaw Financial Center  
13th Floor  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 22 520-5700  
Fax: (48) 22 520-5800  
E-mail: not published  
Web site: <http://www.ebrd.com/>

World Bank  
Warsaw Financial Center  
9th Floor  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 22 520-8000  
Fax: (48) 22 520-8001  
E-mail: [jwojciechowicz@worldbank.org](mailto:jwojciechowicz@worldbank.org)  
Web site: <http://www.worldbank.org/pl/>

International Finance Corporation  
Resident Mission in Poland  
Warsaw Financial Center  
9th Floor  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 520-6100  
Fax: (48) 22 520-6101  
E-mail: [lcarter@ifc.org](mailto:lcarter@ifc.org)  
Web site: <http://www.ifc.org/>

## Country Major Commercial Banks and Financial Institutions:

PKO BP

ul. Pulawska 15

00-975 Warsaw

Telephone: (48) 22 521-5999, 521-8641, toll free: 0800 120 139

Fax: (48) 22 521-8642

E-mail: [informacje@pkobp.pl](mailto:informacje@pkobp.pl)

Web site: <http://www.pkobp.pl/>

Bank Polska Kasa Opieki

Pekao S.A.

ul. Grzybowska 53/57

00-950 Warsaw

Telephone: (48) 22 656-0000

Fax: (48) 22 656-0004, 656-0782

E-mail: [info@pekao.com.pl](mailto:info@pekao.com.pl)

Web site: <http://www.pekao.com.pl/>

Bank Przemyslowo-Handlowy PBK S.A.

Al. Pokoju 1

31-548 Krakow

Telephone: (48) 12 618-6888

Fax: (48) 12 618-6863, 531-9286

E-mail: [bank@bphpbk.pl](mailto:bank@bphpbk.pl)

Web site: <http://www.bphpbk.pl/>

ING Bank Slaski S.A.

ul. Sokolska 34

40-086 Katowice

Telephone: (48) 32 357-7000

Fax: (48) 32 357-7010, 357-7015

E-mail: [mam pytanie@bsk.com.pl](mailto:mam pytanie@bsk.com.pl)

Web site: <http://www.ing.pl/>

Bank Zachodni WBK S.A.

Rynek 9/11

50-950 Wroclaw

Telephone: (48) 71 370-1000

Fax: (48) 71 370-2787

E-mail: [rzecznik.prasowy@bzwbk.pl](mailto:rzecznik.prasowy@bzwbk.pl)

Web site: [www.bzwbk.pl](http://www.bzwbk.pl)

Kredyt Bank S.A.

ul. Kasprzaka 2/8

01-211 Warsaw

Telephone: (48) 22 634-5400

Fax: (48) 22 634-5335, 634-5330

E-mail: [bprasowe@kredytbank.pl](mailto:bprasowe@kredytbank.pl)

Web site: <http://www.kredytbank.pl/>

Bank Handlowy w Warszawie S.A.  
Citibank Handlowy  
ul. Senatorska 16  
00-923 Warszawa  
Telephone: (48) 22 657-7200, 690-4000, 0801 32 2484  
Fax: (48) 657-7580  
E-mail: [listybh@citicorp.com](mailto:listybh@citicorp.com)  
Web site: <http://www.citihandlowy.pl/>

GE Capital Bank S.A.  
ul. Waly Jagiellonskie 36  
80-853 Gdansk  
Telephone: (48) 58 300-7500, 304-0781  
Fax: (48) 58 300-7952, 3007-640  
E-mail: [klient.poczta@gecapital.com](mailto:klient.poczta@gecapital.com)  
Web site: <http://www.gecapital.com/>

JP Morgan Chase Bank  
Representative Office  
Warsaw Financial Center  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 22 520-5100  
Fax: (48) 22 520-5110, 520-5120  
Web site: <http://www.jpmorganchase.com/>

### **Trade Associations:**

Polish Chamber of Information Technology  
and Telecommunications  
(Polska Izba Informatyki I Telekomunikacji)  
ul. Nowogrodzka 31, Room 204  
00-511 Warsaw  
Telephone: (48) 22 628-2260, 628-2406  
Fax: (48) 22 628-5536  
E-mail: [biuro@piit.org.pl](mailto:biuro@piit.org.pl)  
Web site: <http://www.piit.org.pl/>

Polish Chamber of Commerce for Electronics  
and Telecommunications  
(Krajowa Izba Gospodarcza Elektroniki I Telekomunikacji)  
ul. Stepinska 22/30  
00-739 Warsaw  
Telephone: (48) 22 840-6522, 851-0309  
Fax: (48) 22 851-0300  
E-mail: [kigeit@kigeit.org.pl](mailto:kigeit@kigeit.org.pl)  
Web site: <http://www.kigeit.org.pl>

Polish Association of Sanitary, Heating,

Gas and Air Conditioning Enterprises  
(Polska Korporacja Techniki Sanitarnej,  
Grzewczej, Gazowej I Klimatyzacji)  
ul. Konieczynowa 11  
03-612 Warsaw  
Telephone: (48) 22 678-9893, 678-7929  
Fax: (48) 22 678-2076  
E-mail: [sggik@sggik.pl](mailto:sggik@sggik.pl)  
Web site: <http://www.sggik.pl/>

The Association of Polish Architects (SARP)  
ul. Foksal 2  
00-366 Warsaw  
Telephone: (48) 22 826-7439, 827-8710  
Fax: (48) 22 826-7456  
E-mail: [warszawa@sarp.org.pl](mailto:warszawa@sarp.org.pl)  
Web site: <http://www.sarp.org.pl/>

Polish Homebuilders Association  
(Polskie Stowarzyszenie Budowniczych Domow)  
ul. Foksal 2  
00-366 Warsaw  
Telephone: (48) 22 828 3044  
Telephone/fax: (48) 22 827-7750  
E-mail: [psbd@psbd.com.pl](mailto:psbd@psbd.com.pl)  
Web site: <http://www.psbd.com.pl/>

Economic Chamber of Energy and Environmental Protection  
(Izba Gospodarcza Energetyki I Ochrony Srodowiska)  
ul. Krucza 6/14, room 124  
00-950 Warsaw  
Telephone: (48) 22 621-6572  
Fax: (48) 22 628-7838  
E-mail: [igeos@energoprojekt.pl](mailto:igeos@energoprojekt.pl)  
Web site: <http://www.igeos.prv.pl/>

Polish Power Plant Association  
(Towarzystwo Gospodarcze Polskie Elektrownie)  
ul. Krucza 6/14  
00-950 Warsaw  
Telephone: (48) 22 629-0409, , 621-0118, 621-2205  
Fax: (48) 22 628-6000  
E-mail: [tgpe@energoprojekt.pl](mailto:tgpe@energoprojekt.pl)  
Web site: <http://www.energoprojekt.pl/tgpe>

Polish Chamber of Tourism  
(Polska Izba Turystyki)  
Plac Powstancow Warszawy 2  
01-415 Warsaw  
Telephone: (48) 22 826-5536  
Fax: (48) 22 826-5536

E-mail: [bwpit@pit.org.pl](mailto:bwpit@pit.org.pl)  
Web site: <http://www.pit.org.pl/>

Polish Chamber of Pharmaceutical and Medical  
Equipment Producers - POLFARMED  
(Polska Izba Przemysłu Farmaceutycznego  
i Sprzętu Medycznego - POLFARMED)  
ul. Łucka 2/4/6  
00-845 Warsaw  
Telephone: (48) 22 654-5351, 654-5352  
Fax: (48) 22 654-5420  
E-mail: [biuro@polfarmed.com.pl](mailto:biuro@polfarmed.com.pl)  
Web site: <http://www.polfarmed.com.pl/>

## Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

To view Industry Sector Analysis reports produced by the U.S. Commercial Service Warsaw, Poland please go to the following website:  
[http://www.buyusa.gov/poland/en/isa\\_reports.html](http://www.buyusa.gov/poland/en/isa_reports.html)

## Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

Please click on the link below for information on local trade fairs and trade missions to Poland:

[http://www.buyusa.gov/poland/en/trade\\_fairs.html](http://www.buyusa.gov/poland/en/trade_fairs.html)

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

[http://www.buyusa.gov/poland/en/products\\_and\\_services.html](http://www.buyusa.gov/poland/en/products_and_services.html)

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at (800) USA-TRADE, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.